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Daily Report

East Asia

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APEC Officials Meet on Trade Liberalization

*OW0407012095 Tokyo KYODO in English
0028 GMT 4 Jul 95*

[By Keiji Urakami]

[FBIS Transcribed Excerpt] Sapporo, July 4 KYODO — Senior officials from the Asia-Pacific Economic Cooperation (APEC) forum Tuesday [4 July] began their third special session, aimed at reaching a consensus on APEC's most politically sensitive issue of how to craft action guidelines for freer trade and investment toward the target year of 2020.

The so-called "action agenda" for trade-freeing action plans will be formally adopted at the Nov. 19 informal meeting of APEC leaders in Osaka, the third of its kind following those in Seattle in 1993 and in Bogor, Indonesia, last year.

As this year's rotating chair, Japan must take an initiative in wrapping up divergent views and opinions of the 18 APEC countries and territories into a coherent policy framework that charts the course of trade and investment liberalization toward the 2020 deadline.

Two-day discussions in this northern Japan city will center on the draft action agenda Japan has already distributed to the rest of the APEC members.

The draft, recently obtained by KYODO NEWS SERVICE, spells out eight general principles, such as comprehensiveness, consistency with the rules of Uruguay Round accords and nondiscrimination.

It also cites 13 specific areas for trade-freeing action, including reduction and elimination of tariffs and non-tariffs measures, easing restrictions on investment, simplifying standards and certificates in trade rules and harmonizing customs procedures.

All these steps are to achieve APEC's goal of transforming the world's most booming area, which accounts for nearly 50 percent of global trade volume, into a free trade and investment zone in line with the Bogor declaration.

A key concept Japan invented for the goal is "the concerted and unilateral approach," which calls for trade liberalization and facilitation in the APEC region to be carried out on the basis of a "cooperative and volunteering spirit," rather than with binding rules and regulations.

The United States, which spearheads the camp in favor of a quicker pace of trade liberalization, has recently clarified its opposition to the idea, claiming the approach would allow "free riders" to gain trade benefits while rejecting to offer anything in return.

Another issue to be tabled at the Sapporo meeting is whether or not Japan's "partnership for progress" program will be dropped.

The plan proposes that APEC sets up a center to coordinate projects that would enable developed and less developed members to pool financial, human, natural and administrative resources to enhance mutual cooperation in the region.

But the idea, aired at last year's Indonesian APEC session, has drawn lukewarm response from APEC members, with no distinct differences detected compared with conventional aid frameworks like the official development assistance (ODA) program. [passage omitted]

'Some Progress' Made

*OW0407134395 Tokyo KYODO in English
1315 GMT 4 Jul 95*

[By Keiji Urakami]

[FBIS Transcribed Text] Sapporo, July 4 KYODO — Senior officials from the Asia-Pacific Economic Cooperation (APEC) forum on Tuesday [4 July] prodded hard in Sapporo to coordinate divergent views on ways to devise a set of guidelines for APEC's goal of freeing trade and investment in the region by early next century.

But no specific accords were struck in the first-day session of a two-day high-level meeting in this northern Japan city, conference sources said.

"Some progress has been made. We hope discussion will be concluded in the next high-level session planned to be held in Hong Kong in September," said a high-ranking foreign official.

At stake at Tuesday's special high-level session was the so-called "action agenda" for trade-freeing action plans, which will be formally adopted at the Nov. 19 informal meeting of APEC leaders in Osaka.

As this year's rotating chair nation, Japan must take the initiative in reconciling the divergent views of the 18 APEC countries and territories into a coherent policy framework that charts the course of trade and investment liberalization toward 2020, the deadline set in the Bogor Declaration issued after the APEC informal summit in Indonesia last November.

Tuesday's discussion focused on the draft action agenda Japan has already distributed to the rest of the APEC members.

The draft calls for liberalization and facilitation of trade and investment, two of APEC's three major aims along with economic cooperation in the area, to be promoted

under a "concerted unilateral approach," a key concept invented by Japan.

The concept emphasizes "voluntary" implementation of steps, rather than compulsory rules and regulations.

The draft spells out eight general principles, such as comprehensiveness, consistency with the rules of Uruguay Round accords, nondiscrimination, flexible consensus and taking into account divergent conditions of member economies.

A Japanese official participating in the conference said some differences were detected over the principle of nondiscrimination.

But he did not elaborate.

In line with the eight principles, APEC members should take "collective and individual actions," the draft said.

The draft cites 13 specific areas for trade-freeing action, including reduction and elimination of tariff and nontariff measures, easing restrictions on investment, simplifying standards and certificates in trade rules and harmonizing customs procedures.

The Sapporo session comprises two parts — two-day special sessions designed to discuss APEC's most controversial topic of how to liberalize and facilitate trade and investment in the area and a three-day regular meeting from Thursday, meant to deal with other issues like economic cooperation in the area.

The special sessions were held twice this year, in Fukuoka in February and in Singapore in April. But these meetings, focusing on brainstorming, did not produce specific accords on action guidelines.

The non-Japanese official said APEC members agreed to hold the fourth special meeting in Hong Kong in September, in addition to the already-agreed Tokyo meeting set for October.

East Timor Group Seeks APEC Observer Status

OW0407141595 Tokyo KYODO in English
1351 GMT 4 Jul 95

[FBIS Transcribed Text] Sapporo, July 4 KYODO — An umbrella organization of East Timorese resistance groups on Tuesday [4 July] called for an observer status for the territory at a meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November.

The National Council of Maubere Resistance (CNRM) called on senior officials of the APEC member countries, who are holding a meeting in Sapporo to prepare for the November informal summit, to approve the status for "the nonself-governing territory" in a petition.

Yasuko Takemura, a House of Councillors member and a member of a group of Japanese lawmakers concerned about the East Timor issue, handed the petition to the Secretariat of the APEC senior officials meeting.

The petition said the "right of self-determination (of East Timor) has been clearly reaffirmed by over 10 UN General Assembly and Security Council resolutions."

"The people of East Timor are also concerned with the territory's economic development and its trade relations and economic links to the Asia Pacific region," it said.

According to Takemura, the APEC Secretariat said it recognized the East Timor issue, but that the issue of whether or not to grant observer status "is a political matter and is not likely to fit the APEC meeting, which is an economic conference."

Indonesia annexed East Timor in 1976 after its colonial ruler, Portugal, withdrew from the region a year earlier. The annexation has not been recognized by the United Nations.

Japan

MITI Denies U.S. Photo Film Market Claim

OW0407094695 Tokyo TOKYO SHIMBUN
in Japanese 3 Jul 95 Morning Edition p 9

[FBIS Translated Text] U.S. Eastman Kodak Co. has filed an appeal on the basis of Section 301 of the U.S. Trade Act (a retaliatory act against unfair trade practices), claiming Japan's film market is closed. Japan takes a clear-cut stance on refuting the appeal. A Ministry of International Trade and Industry [MITI] source said: "Since many of the U.S. claims are based on misinformed facts, their claims are a long way off the mark. And we will launch an all-out refutation."

While claiming that Fuji Photo Film's control over distribution violates the Antimonopoly Law [AML], Kodak also criticizes the position of MITI and the Fair Trade Commission [FTC], that have failed to take any actions against the violation.

If the Office of U.S. Trade Representative (USTR) should request bilateral consultations on the basis of Section 301, MITI basically intends to refuse the request, maintaining that "it is impossible to hold consultations with sanctions as a precondition." In the meantime, MITI will stress to the United States the fact that the "Japanese market is open." Citing examples, MITI points out that Japan's import of color films for common use increased by 41.5 percent last year as compared with that of the previous year, and that in Japan, four major companies are engaged in a keen price-slashing war now.

An FTC source also states in refutation: "We understand that there are no cases of AML violations. If Kodak should have in its hand any facts about or information on illegal acts, it should file an appeal so that we can launch an investigation. Why is it that Kodak intends to bring up the issue for Japan-U.S. negotiations?"

Hashimoto Refuses U.S. Talks

OW0407055995 Tokyo NHK General Television Network in Japanese 0307 GMT 4 Jul 95

[Announcer-read report over video; from "NHK News" program]

[FBIS Translated Text] Ministry of International Trade and Industry [MITI] head Ryutaro Hashimoto said at a 4 July news conference that Japan will not accept a U.S. request for negotiations under the threat of sanctions.

The U.S. Government has announced that, based on Section 301 of the U.S. Trade Act of 1974, it will launch a probe into alleged trade barriers existing in the Japanese photographic film market. At the news

conference, Hashimoto said: "As far as we know, the share of photographic film imports stood at 41.7 percent in the Japanese market last year, and was nearly 50 percent during the January-March period this year. In the U.S. market, Eastman Kodak Co. has a 70 percent share. In view of this, I cannot understand why the United States has decided to begin the investigation."

He strongly reacted to the U.S. decision. At the same time, Hashimoto also said Japan cannot accept the U.S. demand for bilateral talks under the threat of sanctions.

Film Manufacturer Denies Kodak's Allegations

OW0307233095 Tokyo KYODO in English
2312 GMT 3 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Fuji Photo Film Co. refuted Monday night [3 July] allegations by Eastman Kodak Co. of the United States that Japan has erected unfair barriers that keep Kodak out of the market and have prompted the U.S. Government to launch a probe into Japan's film market.

Fuji, named by Kodak as being involved in such practices, said in a statement it feels doubts and disappointment about the U.S. Trade Representative office which accepted Kodak's petition on the case and decided to launch the investigation.

Fuji said the shares of Japan's film market with which Kodak took issue is a result of free competition and have nothing to do with regulations by the government.

Sanctions will be imposed against Japan under Section 301 of the 1974 U.S. Trade Act after a yearlong review period if the administration upholds Kodak's allegations and Japan refuses to rectify the situation.

Fuji Film Rules Out Compromise

OW0407115995 Tokyo KYODO in English
1146 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Fuji Photo Film Co. said Tuesday [4 July] it has no plan to compromise in its dispute with Eastman Kodak Co., refuting allegations it has engaged in unfair trade practices.

Masayuki Muneyuki, managing director of Japan's top photo materials maker, told a news conference that a decision by the U.S. Trade Representative [USTR] Office to investigate the case is based on "misunderstanding of the facts."

The U.S. decision stemmed from a petition by the U.S. film maker that Fuji Photo Film has set up barriers to hinder the company's inroads into the Japanese market.

Muneyuki said the company plans to release documents both in Japanese and English within a month to hammer home its views on the dispute.

He said Eastman Kodak's small market share in Japan is a result of free competition and reflected the choice of Japanese consumers, and therefore it is unfair to turn a business problem into a political issue.

The USTR's investigation is designed to determine whether to invoke sanctions against Japan under section 301 of the 1974 Trade Act.

Muneyuki said the company's rebates to retailers do not violate Japan's Antimonopoly Law and details of the profit margin offered to retailers will be reported to the government if necessary.

In that case, he said the U.S. rival has to do the same.

Concessions Suggested in Aviation Row With U.S.

*OW0507131995 Tokyo KYODO in English
2132 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Japan may abolish a cargo volume-related restriction on Asia-bound U.S. cargo flights loading additional cargo in Japan to resolve the bilateral civil aviation row, a Transport Ministry source said Wednesday.

The "concession" would alleviate the current requirement that the volume of additional cargo a U.S. plane loads at Japanese airports not eclipse 50% of the total volume of cargo it may transport from Japan to Asian destinations, the source said.

The requirement has effectively made sure that the volume of cargo to be transported by a U.S. carrier from Japan to Asian destinations not exceed that between the United States and Japan, placing a burden on U.S. carriers seeking to profit more from their Asian routes beyond Japan.

"This is one of the proposals we will put forward to the U.S. side in a bid to produce an agreement," the source said.

The remark came less than two weeks before the U.S.-imposed deadline of July 14. The U.S. Transportation Department is to make a final decision on proposed aviation sanctions to be slapped on two Japanese cargo carriers — Japan Airlines and Nippon Cargo Airlines — after a period to solicit public comments expires July 14.

The threatened sanctions, if implemented, would bar the pair from carrying what they load at Hong Kong, Taiwan, Indonesia, Singapore and Thailand to the U.S. via Japan.

Japan suggested earlier it would retaliate against U.S. aviation sanctions by barring all U.S. cargo flights to other Asian countries via Narita airport east of Tokyo.

The U.S. threats followed the stalemate in the aviation squabbling over a U.S. request for Japan to allow the American cargo carrier Federal Express Corp. to fly via Tokyo to Asian destinations under the "beyond rights" provision in the 1952 bilateral pact.

Motivation for U.S. Reaching Auto Deal Viewed

*OW0507082295 Tokyo TOKYO SHIMBUN
in Japanese 30 Jun 95 Morning Edition p 3*

[Article by economic reporters Atsushi Honda and Hironori Kiki and Brussels correspondent Yukihiko Hasegawa]

[FBIS Translated Text] As a result of three days of cabinet-level negotiations between Minister Ryutaro Hashimoto of International Trade and Industry and U.S. Trade Representative (USTR) Mickey Kantor in Geneva, a "Japan-U.S. auto crisis" was averted.

The United States retracted its demands for "numerical targets" and "government intervention," which Japan had continuously rejected, and the Ministry of International Trade and Industry [MITI] is elated with this "epoch-making victory in the history of trade negotiations."

Why did the United States compromise at the last minute? What issues remain for the future? Here is a field report from Geneva.

It was on the second floor of the prestigious Hotel Intercontinental in Geneva. At the news conference, which started at 1830 on 28 June (0130 AM 29 June, Japan time), Hashimoto, in a flood of glaring television lights and flash bulbs, was all praise for USTR Kantor, who was standing beside him.

"First, I would like to pay my respects to Mr. Kantor's realistic approach and persistent efforts, which made today's news conference possible."

At the quadrilateral trade talks in Whistler, Canada, in early May, Kantor had been insistent about "numerical targets." He was the very person who had driven the previous ministerial auto talks into a deadlock. Since then, Hashimoto is even said to have frequently expressed his distrust of Kantor and to have complained that "there is a total absence of will" on his part "to conclude the talks."

When Hashimoto arrived in Geneva on 26 June and was asked about the prospects for his ministerial talks with Kantor, he referred to the Alps and stated glumly, "It

will be more difficult than climbing the north slope of Mount Eiger."

Dramatic Change in Perception

However, in three days, Kantor became Hashimoto's "best and most respected friend." Hashimoto said that this is because "Mr. Kantor threw an 'easy-to-catch ball' into my mitt."

"Easy-to-catch ball" refers to Kantor's retraction of his demands for "numerical targets" and "government intervention (guarantees)" during the final stage of the talks.

When, exactly, did the U.S. side change its position? A MITI source in Geneva disclosed the inside story on 28 June: "The turning point came at the ministerial talks late at night on 27 June and on the morning of 28 June. The two men had very heated exchanges."

Indeed, after the end of the cabinet-level negotiations on the second day, which dragged into the early hours of 28 June, Kantor did not go back to his room at the Hotel Intercontinental until the early morning of 28 June. He had a final strategic meeting with Ira Shapiro, general counsel to the USTR, and Jeffrey Garten, undersecretary of commerce, at the USTR office in Geneva, which faces the World Trade Organization (WTO) headquarters.

Why the "Shift"?

The result was the retraction of the demands on "numerical targets" and "government guarantees." Why had Kantor, who had taken a tough position on imposing sanctions against Japan, "turned around" on the eve of the sanctions' taking effect?

Some observers point out that playing too tough might undermine friendly relations with Japan, a U.S. ally, in the age of Asia and the Pacific; and the United States is "concerned" that as a result, it might be disadvantageous in the long run.

Furthermore, while "sanctions against Japan" have the support of more than 70 percent of the U.S. people, internationally, the United States is totally isolated by its "U.S. style economic gunboat diplomacy," using "unilateral measures" as its weapon. Even if the United States wins a "short-term" victory, it may lose credibility in the long run.

On the other hand, as Kantor emphasized during his news conference, the United States intends to keep Section 301 of the 1974 Trade Act (on retaliation against unfair trade practices) intact. If it imposes sanctions on the auto issue and loses the case after Japan brings it to the WTO, its "trump card" will be nullified. In order to

keep Section 301 safe, the United States had to agree to a compromise before the WTO came up with the conclusion that Section 301 is "illegal."

From this line of reasoning, the best way was to draw favorable concessions from Japan and then lay down arms in a manner that allows both sides to save face.

Japan's Own Calculations

On Japan's part, while international criticism against the United States was a source of strong support, if 100-percent tariff duties were imposed on Japanese luxury cars for a prolonged period of time, it could be fatal not only for domestic industries but also for overseas dealers selling these luxury cars.

For this reason, when Hashimoto received a phone call early on the morning of 28 June, he avoided the attention of the mass media and went to the USTR Office for the third round of ministerial talks two hours ahead of schedule.

The EU's Fears

European Union (EU) Vice President Leon Brittan stated his basic approval of the Japan-U.S. auto accord on 29 June. However, an EU spokesman said that "the devil is still concealed in the details." He indicated the EU's intention to examine closely the substance of the accord.

Needless to say, the Japan-U.S. agreement applies "equally to all other trading partners" (according to Hashimoto's statement).

However, "independent" calculations on parts purchases made by the U.S. Government based on Japanese carmakers' overseas production plans show that only "U.S.-made parts" are going to enjoy an increase.

What is unique about this agreement is that in addition to being a government-level agreement, it adopts a new form which can be called an "agreement between the government and the manufacturers." In such a case, if preferential treatment is given to a certain country, it will constitute a serious challenge to the most-favored-nation principle, and may lead to rendering the WTO rules ineffectual.

Such fears of the EU are also shared by other third countries. The present Japan-U.S. accord is bound to be examined closely from the standpoint of multilateralism, including the possibility of the EU filing a case with the WTO.

Finance Minister, MITI Official on Auto Pact

OW0307144895

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2312 GMT on 1 July, in its regular Sunday magazine "News 2001" program, carries a 34-minute live panel debate on the agreement reached at the Japan-U.S. auto talks in Geneva and future relations between the two countries on the theme: "Unchanging Frictions; Dead Approach of the Japan-U.S. Agreement."

The debate, moderated by FNN Newscaster Yuji Kuroiwa, is joined in the FNN studio by Finance Minister Masayoshi Takemura; Kobe University Professor Makoto Iokibe; Osamu Watanabe, director of the Ministry of International Trade and Industry's (MITI) Machinery and Information Industries Bureau; commentator and regular guest Kenichi Takemura; and, via remote hookup, Richard Koo, staff member of Nomura Research Institute.

Newscaster Kuroiwa begins the debate by asking Finance Minister Takemura how he assesses the agreement reached at the recent Japan-U.S. auto talks. Takemura says: "Frankly speaking, I think both Japan and the United States feel relieved because the sanctions were avoided." Iokibe says: "Miyazawa said no and Hosokawa, too, said no to the United States. Finally, I think the United States gave up [akirameta]. But it could not say to the American people that it gave up or it was wrong. The United States unilaterally filled in the numbers and is saying that it has reached its goal. The agreement is in favor of Japan as far as numerical targets are concerned. However, the larger problems are that Japan has to ease its regulations and open up its markets to other countries."

After briefly reviewing the contents of the agreement itself, Kuroiwa asks Watanabe if the agreement was written in such a way that the Japanese automakers have to be prepared for a possible reduction in domestic auto production or layoffs. Watanabe answers: "There were three major points at the recent Japan-U.S. talks. One of them concerned the parts procurement issue, which the United States demanded strongly, by Japanese domestic automakers and by the Japanese companies' auto factories in the United States. The United States was asking us to buy large quantities of U.S.-made auto parts. Another demand related to the dealership issue. They were asking us to enable them to increase readily the number of auto dealers who sell U.S. cars. The third request concerned the deregulation issue. This request was related to repair parts and auto inspections." "We clearly said that we could not specify numerical targets in advance, because such things are the result

of business transactions. This was the biggest area of dispute during our negotiations over the last two years." "The five Japanese automakers announced a global vision designed to increase their productions abroad. In a sense, this will serve as a contribution to the world economy. At the same time, their domestic production will drop, as you have said. Therefore, they must coordinate their views at home."

Asked if Japan will be forced to satisfy the figures that the United States unilaterally announced, Watanabe says: "The global vision, announced by the five Japanese automakers, is designed to expand daringly their production in 1998 or, as the occasion demands, in later years — not only in the United States, but also in Europe and Asia." "We did not promise to fulfill things which could be derived from the global vision."

Koo says that, as an economist, he was disappointed with the agreement because the current situation is similar to the situation immediately after the Miyazawa-Clinton agreement of 1993. He says that the Japanese Government is only protesting the unilateral figures of the United States instead of pledging to the world that it will promote market liberalization.

Kenichi Takemura urges the finance minister to reaffirm to the world that Japan will expand its exports and open up markets rather than saying that Japan will not abide by the U.S. figures.

The minister says: "The only way we can reduce the trade surplus is to expand our imports by opening up our markets. In its measures announced in April to deal with the strong yen, the government called for import expansion. The government needs to actively expand imports, mainly imports of auto parts."

Watanabe discusses the contents of the agreement, saying: "Regarding the U.S. estimates, Minister Hashimoto said, and it is written into the document, that the Japanese Government was not involved in the calculation process at all, that the calculated figures are beyond the power of the Japanese Government, and that they were calculated by the U.S. trade representative alone."

Asked how the ruling parties will reduce Japan's trade surplus from 2.6 to 1 percent of the gross national product in three years, the finance minister says: "We need to expand domestic demand to improve the Japanese economy as a whole. Also, we need to promote deregulation and remove barriers." "I am sure the gap will narrowed."

Asked how he assesses the ruling parties' plan to cut the trade surplus in half, Koo says: "Our enemy is the trade imbalance. Japan's annual trade surplus amounts to 130 billion dollars. Of this, 66 billion dollars is with

the United States. This is an enemy to both Japan and the United States. Japan and the United States are not enemies to each other. The Japanese media report on winners and losers at the talks. But we should not view the outcome of the talks from such a perspective. The two countries should have discussed how they could narrow the trade gap, cut the trade surplus, and reduce deficits."

The program ends at 2346 GMT.

Okinawa Governor on U.S. Military Base Issues

OW3006132495 Naha RYUKYU SHIMPO
in Japanese 30 Jun 95 Morning Edition p 1

[FBIS Translated Text] The Okinawan Prefectural Assembly's regular June session continued party representatives' interpellation of the government into the afternoon of 29 June, with six assembly members asking Governor Ota about his political positions. Asked about the government's response to the scheduled visit to the prefecture of the emperor and empress on 2 August, the governor responded: "The Imperial Household Agency says the emperor couple wants to make the visit to pay homage marking the 50th anniversary of the end of the war. We would like to welcome them in ways befitting that purpose."

Regarding the three military base issues, including the "removal to Urasoe" of the Naha Military Port — the issues on which questions concentrated most — the governor reiterated his past stand, saying: "We will reach a decision on them from an overall perspective." On the other hand, asked what his government would do if the national government asks it to persuade the local people, he indicated for the first time that he was willing to do so, saying; "If necessary, we would like to talk to the people concerned in sincerity."

Speaking about the "concept on formulating international cities" promoted by the prefectural government, Governor Ota said his government wants to pursue the concept by designating the mid-south area as a "development base," applying the law for decentralizing population and industry to multiple bases [tagyoku bunsanho].

Seizen Hokama (of the New Frontier Party) asked him about the visit of the emperor and empress to the prefecture. Governor Ota indicated he was happy with the couple's visit schedule, saying: "The Imperial Household Agency has said it would be in early August."

Masaru Koki asked about the prefectural government's strategy for facilitating the resolution of the military

base issues and its plan of action after the fourth national overall development plan [yonzenso] is completed.

Relating to his future strategy on having military bases returned, the governor once again expressed his desire to open up an office in Washington, saying: "We need to think about setting up a base from which we can engage in daily activities on making requests for and collecting information on the United States." In order to realize the "concept of forming international cities," he said: "Over the next ten years, we would like to apply the law for decentralizing population and industry, and create an industry development area in the mid-south area — as part of the central government's programs."

Asked by Kantoku Teruya (of the Social Democratic Party of Japan) about the possibility of revising or abolishing the Japan-U.S. status-of-forces agreement [SOFA], the governor replied: "At least, as far as this prefecture is concerned, there are problems in the operation of the agreement. We will conduct thorough studies on the SOFA from the perspective of facilitating the resolution of military issues. Based on the results of these studies, we will raise issues with both the Japanese and U.S. Governments and request a revision of the agreement."

Osamu Ishikawa (of the Social Masses Party) and Saku Miyara (of the Japan Communist Party) asked Ota about the fact that the prefecture's demand to the national government on reimbursement for victims from vessels sunk during the war has been delayed. Governor Ota replied: "The Livelihood and Welfare Department is now studying the contents of and materials given in reports. The government will decide on its policy regarding the matter at an early date."

Masahiko Takara (of the Reform Okinawa Party) asked the governor what he would do about the problem of the names of South and North Korean victims of the war not included on the list of the war dead carved into the "Peace Foundation" monument. The governor said, "We will conduct further investigations, and the names of such victims will be added as we find them."

PRC Suspicion on Nuclear Weapons Rejected

OW0107124695 Tokyo KYODO in English
1217 GMT 1 Jul 95

[FBIS Transcribed Text] Tokyo, July 1 KYODO — A Japanese senior Foreign Ministry official on Saturday [1 July] flatly rejected China's concern over Japan's alleged nuclear weapons development.

Sumio Tarui, director of the National Security Policy Division of the Foreign Ministry, said, "It is the most unlikely story for Japan to develop nuclear weapons. Japan

sticks to the three non-nuclear principles. Japan, a member of the nuclear Nonproliferation Treaty, also regularly accepts inspections by the International Atomic Energy Agency."

While Defense Agency sources said this year's white paper on defense clearly states that the Constitution strictly forbids Japan from possessing weapons of mass destruction under any circumstances.

The sources said there is no reason why Japan should have to endure such false charges by China, which has and continues to conduct repeated nuclear tests.

The Foreign Ministry takes the position that Japan is legally prohibited from developing nuclear arms. They added there is also no use for Japan to develop nuclear weapons, even from a strategic viewpoint.

Visit of South Africa's President Mandela Noted

Arrives for Five-Day Visit

*OW0207094395 Tokyo KYODO in English
0833 GMT 2 Jul 95*

[FBIS Transcribed Text] Tokyo, July 2 KYODO — South African President Nelson Mandela arrived in Japan on Sunday [2 July] for a five-day official visit to hold talks with Japanese leaders.

Mandela will meet Emperor Akihito and Empress Michiko as well as the speaker and president of both houses of the Diet on Tuesday.

He will also deliver a speech at Waseda University where he is to receive an honorary doctorate.

On Wednesday, Mandela, who was elected the first black president in South Africa in multiracial elections in May 1994, will hold talks with Prime Minister Tomiichi Murayama on bilateral and international affairs, followed by a press conference later in the day.

Murayama is expected to pledge Japan's continued support for South Africa's efforts to promote democratization and national reconciliation.

The two leaders are also likely to discuss implementation of Japan's two-year aid package to South Africa totaling 1.3 billion dollars to help its economic development.

Japan announced the aid package last year during the Group of Seven economic summit in Naples, Italy.

The aid consists of 300 million dollars in Official Development Assistance, about 500 million dollars in loans through the Export-Import Bank of Japan and some 500 million dollars in trade and overseas investment insurance.

Mandela visited Japan in 1991 to attend an international conference and in 1990, when he was vice president of the African National Congress.

Mandela Meets Emperor, Empress

*OW0407051995 Tokyo KYODO in English
0341 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Emperor Akihito and Empress Michiko on Tuesday [4 July] held an audience for South African President Nelson Mandela, who is on a five-day official visit to hold talks with Japanese leaders.

The emperor and empress greeted Mandela at the Akasaka Palace, the state guesthouse, and they had a cordial meeting. Imperial Household Agency officials said. Prime Minister Tomiichi Murayama was in attendance.

Mandela briefed the emperor on Pretoria's racial harmonization policy adopted after the end of the country's racial segregation policy of apartheid, the officials said.

The emperor paid tribute to participation of all South African people in national politics, they said.

The emperor thanked Mandela for his country's relief offer made after the devastating Jan. 17 earthquake in western Japan and briefed the guest on the progress of restoration efforts, they said.

The emperor decorated Mandela with Japan's highest order, the Grand Cordon of the Supreme Order of the Chrysanthemum, while Mandela presented the emperor with South Africa's Order of Good Hope, Class I, Grand Cross (gold).

The South African president also met Crown Prince Naruhito and Princess Masako, and Prince Akishino and Princess Kiko, before listening to a Self-Defense Forces band play the South African national anthem and Japan's de facto counterpart "Kimigayo."

Later in the day, Mandela will deliver a speech at Waseda University, where he is to receive an honorary doctorate.

Mandela, who was elected South Africa's first black president in multiracial elections in May 1994, will hold talks Wednesday with Murayama on bilateral and international affairs.

Mandela visited Japan in 1991 to attend an international conference and also in 1990 when he was vice president of the African National Congress.

Mandela also met separately with House of Representatives Speaker Takako Doi and House of Councillors

President Bunbei Hara and asked for advice on building up democracy.

In the meeting with Doi, Mandela said he welcomes advice on writing the country's new constitution, saying there is a lot to learn from a democratic country, officials said.

Doi stressed the importance of bilateral cooperation in wide areas, encompassing the economy, human rights and the environment, as well as the social, educational and cultural fields.

Mandela told Hara that bilateral exchanges should also include dialogue among parliamentarians and political parties in addition to government-level ones, officials said.

Hara responded by saying he would pray for South Africa's development as an engine for the whole of Africa, the officials said.

Mandela Accepts Honorary Doctorate

OW0407111295 Tokyo KYODO in English
0954 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — South African President Nelson Mandela on Tuesday [4 July] hailed what he called Japan's "humane approach" to international relations, calling on Tokyo for improved bilateral ties and a "beneficial partnership."

Mandela made his remarks at Waseda University where he was presented with an honorary doctorate of laws by Waseda University President Takayasu Okushima and he accepted "on behalf of all the people of South Africa."

Mandela suggested that the "best that humanity represents" is reflected in Japan's pursuit of peace and prosperity around the world and its commitment to policies opposed to weapons of mass destruction.

"We appreciate the humane approach which underpins Japan's international relations," said Mandela, who arrived in Japan on Sunday for five days of meetings with Japanese leaders.

He added that South Africa is "proud that, at last, the constraints of racism, humiliation and duplicity which apartheid imposed on diplomatic and other relations with Japan, are now consigned to history."

On his theme of economic cooperation, Mandela reminded the audience that "prosperity in one country cannot be sustained if the rest of humanity wallows in hunger, disease and ignorance."

He predicted a "new paradigm" in the coming century in which the countries of Asia and Africa have the

potential to blaze a new trail in harmonious relations between large and small economies, developed and developing nations.

Mandela, who was elected the first black president of South Africa in multiracial elections in May 1994, is expected to sound similar themes Wednesday when he meets Prime Minister Tomiichi Murayama for talks on bilateral and international affairs.

The two leaders are also likely to discuss implementation of Japan's two-year aid package to South Africa totaling 1.3 billion dollars to help its economic development.

'Text' of Emperor's 4 Jul Speech

OW0407132095 Tokyo KYODO in English
1210 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The following is the full text of a speech given by Emperor Akihito Tuesday [4 July] at a state dinner in honor of South African President Nelson Mandela:

I would like to express my heartfelt welcome to his excellency the president of the Republic of South Africa on this occasion of his first visit to Japan as a state guest. It is with great pleasure that I spend this evening in his company here.

The Republic of South Africa has made a strong impression on all people by overcoming a past of racial and tribal antagonisms and peacefully and democratically promoting internal reform. I would like to express my profound admiration for the faith and courageous conduct with which your excellency, after enduring long years of trials and tribulations, brought freedom to the people of your country.

Today, throughout the world, all manners of confrontations give rise to unending conflicts in which many lives are lost. I believe therefore that people should earnestly seek to understand each other's standpoints and move forward together with peace as their goal. To a world such as this, your excellency's unsparing efforts to promote harmony within your own country in a spirit of reconciliation and through dialogue have brought bright hope.

Relations between Japan and the Republic of South Africa began in 1910, when my country appointed Mr. Ieppe Julius honorary consul of Japan in Cape Town. With the subsequent development in trade, Japan's first consulate in Africa was established in Cape Town in 1918. Then, in 1926, a regular ocean service started, linking Kobe and Durban. Thereafter, relations between our two countries went through many vicissitudes, and

after a period of 50 years, diplomatic relations were re-established three years ago.

I am truly happy to note that, since your excellency's country was reborn last year as a new democratic state, relations between our two countries have rapidly become close, with not only a cooperative relationship in the fields of politics and economy, but with briskly increasing exchanges in the areas of culture and sports as well.

It is my hope that your excellency's visit will further deepen the feelings of mutual trust and understanding between our two countries, and that Japan and the Republic of South Africa will together redouble their cooperation directed towards peace and prosperity.

I sincerely hope that while in Japan, your excellency will be able to deepen your exchanges with many people from a wide variety of fields of activity, so that your excellency's visit, although brief, may be a very fruitful one.

I should now like to propose a toast to the good health and happiness of his excellency President Nelson Mandela, and to the happiness of the people of the Republic of South Africa.

Emperor Lauds Mandela's Courage

*OW0407131095 Tokyo KYODO in English
1205 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Emperor Akihito told South African President Nelson Mandela on Tuesday [4 July] that he admires his courage in working to achieve freedom for all peoples of South Africa.

The emperor, in a speech at a black-tie reception at the Imperial Palace Tuesday evening for Mandela and his entourage, said South Africa has made "a strong impression" by "overcoming a past of racial and tribal antagonisms and peacefully and democratically promoting internal reform."

Mandela arrived in Japan on Sunday on a five-day official visit for talks with Japanese leaders.

Empress Michiko and other members of the imperial family, Prime Minister Tomiichi Murayama, Speaker of the House of Representatives Takako Doi and cabinet ministers also attended the reception where guests dined on French food and listened to a traditional Japanese orchestra play ancient court music.

"I would like to express my profound admiration for the faith and courageous conduct with which your excellency, after enduring long years of trials and

tribulations, brought freedom to the people of your country," the emperor told Mandela.

In a speech responding to the emperor's remarks, Mandela paid tribute to Japan's contribution to South Africa's economic growth.

"Your substantial contribution to our reconstruction and development program does much to help alleviate the poverty and misery that the new government has inherited," Mandela said.

"Indeed, it is in the interest of both our countries that these relations should grow from strength to strength."

Earlier in the day, the emperor and empress greeted Mandela at the Akasaka Palace, the state guesthouse. Murayama was also in attendance.

The emperor decorated Mandela with Japan's highest order, the Grand Cordon of the Supreme Order of the Chrysanthemum, while Mandela presented the emperor with South Africa's Order of Good Hope, Class I, Grand Cross (Gold).

Mandela also met separately with House of Representatives Speaker Doi and House of Councillors President Bunbei Hara and asked for advice on building up democracy.

In the meeting with Doi, Mandela said he welcomes advice on writing the country's new constitution, saying there is a lot to learn from a democratic country, officials said.

Doi stressed the importance of bilateral cooperation in wide areas, encompassing the economy, human rights and the environment, as well as the social, educational and cultural fields.

Mandela told Hara that bilateral exchanges should also include dialogue among parliamentarians and political parties in addition to government-level ones, officials said.

Hara responded by saying he would pray for South Africa's development as an engine for the whole of Africa, the officials said.

On Wednesday, Mandela, who was elected the first black president of South Africa in multiracial elections in May 1994, will hold talks with Murayama on bilateral and international affairs.

'Text' of Mandela's Speech

*OW0407130795 Tokyo KYODO in English
1220 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The following is the full text of a speech delivered

Tuesday [4 July] by South African President Mandela at a state dinner hosted by Emperor Akihito and Empress Michiko:

We are deeply honored by the invitation you extended to us to visit your beautiful country and for the rare opportunity to be your guests on this august occasion.

May I also, your majesties, express our heartfelt gratitude for your warm welcome this morning and for the hospitality with which we have been treated.

We have fond memories of our first visit to your country in 1990. Then, we were able to experience firsthand the empathy of Japan's people with our quest for democracy. Today, we come for the first time as a free people, to thank you for your generous support during those difficult times.

The hours we spent in the serene natural surroundings of Hakone were not only tremendously refreshing. In many ways, the scenery of mountains and lakes of Hakone reminded us of the natural beauty of our own country.

With so much in common in our natural heritage, our two nations, I am sure, will eagerly take advantage of increased cooperation in the field of tourism.

We take pride in informing you that the task of reconciling our people is being accomplished with spectacular results. This has laid a firm foundation for us to start in earnest to address the socioeconomic legacy of apartheid. The determination of South Africans and the support of humanity that saw us destroy apartheid, will certainly see us through this equally challenging period.

Japan's commitment to the reconstruction of our country is highly appreciated by our people. Your substantial contribution to our reconstruction and development programme does much to help alleviate the poverty and misery that the new government has inherited. Indeed, it is in the interest of both our countries that these relations should grow from strength to strength.

As a free country, South Africa is privileged to be associated with your people and their tremendous achievements. Your country's economic and technological accomplishments stand out as a miracle of our times. From the ruins of conflict only half a century ago, you have risen to become one of the foremost industrial nations of the world.

Through dedication and hard work, "the Land of the Rising Sun" has weathered many storms with determination and amazing success. We, in South Africa, who are in the process of freeing ourselves from the legacy of a hideous past, have much to learn from your experiences.

Indeed, much ground has already been covered since South Africa's historic elections last year, to normalize diplomatic relations and deepen economic relations which should redound to the benefit of our peoples. We are tremendously inspired that, in Japan, we have found friends in need and friends indeed.

In as much as Japan played a central role in the revival of this region, so too does South Africa have an important role to play in our region and our continent. As the curtains close on a momentous century, we are confident that a new partnership is being born between South Africa and Japan, between Africa and Asia.

We sincerely hope that our visit will herald a flowering of the friendship between our two nations.

I ask you to rise and raise your glasses in a toast to His Majesty Emperor Akihito and Her Majesty Empress Michiko and the people of Japan, and to the strengthening of relations between Japan and South Africa.

Mandela Urges More Investment

OW0407080795 Tokyo KYODO in English
0720 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — South African President Nelson Mandela urged Japanese companies Tuesday [4 July] to invest in his country, noting that post-apartheid South Africa is headed for political stability and economic growth.

"We call on Japanese business to make a major contribution to our industrial revitalization ... while, at the same time, earning a good profit," Mandela said in addressing a luncheon hosted by five major Japanese economic organizations.

While expressing gratitude for Japan's 1.3 billion dollars aid package for infrastructure development, Mandela said that private investment is urgently needed to help the country overcome a quarter century of stagnation due to apartheid-induced sanctions.

He said Pretoria hopes for Japanese investment, especially in the manufacturing sector, and greater involvement in human resource development, work organization and quality control.

"Foreign investors will be a critical catalyst" in making the South African economy more competitive, he said, noting that South Korea, Malaysia, Singapore and other Asian nations are moving much faster into South Africa than Japan.

Since Mandela was elected president in the nation's first all-race elections in April last year, 10 Japanese

companies have announced plans to invest in South Africa, most of them in metal ventures, according to the South African embassy in Tokyo.

Most of these companies have, however, not yet disclosed how much they plan to invest.

The 76-year-old president was eager to dispel investors' widespread concern about ethnic violence, social unrest, crime, and an uncertain future for political and economic reform, arguing that his government's successes were largely ignored by the media.

"A new and thorough-going transformation is in the making. Our young democracy rests on a solid foundation of an irrevocable decision on the part of South Africans to work together to shape their future," he said.

Mandela cited as the strong sides of the South African economy a good infrastructure and developed financial sector, access to regional markets and committed business partners as well as the government's commitment to fiscal discipline.

He also called for an expansion of bilateral trade. Noting that Japan is South Africa's fourth biggest trading partner, Mandela said this "is not nearly enough given the potential both in the magnitude of such trade and its character."

Ushio on Transfers, Investment

*MB0407065095 Johannesburg SAPA in English
0613 GMT 04 Jul 95*

[FBIS Transcribed Text] Tokyo July 4 SAPA — President Nelson Mandela on Tuesday urged Japanese businessmen to contribute to the industrial revitalisation of South and southern Africa. Addressing a luncheon attended by 139 top business executives, he said foreign investment was a "critical catalyst" in shifting South African industry toward competitive manufacturing. "The time is now right for Japanese investors to exploit the massive investment prospects in South Africa."

Mandela said South Africa provided a diversified economy, excellent infrastructure, a sophisticated financial sector and access to regional markets. The government was firmly committed to fiscal discipline, had abolished the dual currency system and would soon end non-resident share-holders tax. The community safety plan and increased co-operation between communities and the police had achieved success in combatting crime. "Governments can only go so far and no further. What is required is bold and innovative thinking by the private sectors in both our countries," he said.

Japan was currently South Africa's fourth largest trading partner, but there was much greater potential in both the volume and nature of bilateral trade.

Mr Jiro Ushio, chairman of the Keizai Doyukai (Association of Corporate Executives), said the Japanese private sector would expand technology transfers and direct investment to South Africa. Personal contacts with black businessmen would be cultivated. "I hope that gradual steps will be taken to improve the investment environment in your country through progressive deregulation and the opening up of the market," Ushio said.

Japan would also contribute to the economic development of southern Africa, he said.

Murayama Promises More Support

*OW0507064195 Tokyo KYODO in English
0617 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Prime Minister Tomiichi Murayama told South African President Nelson Mandela on Wednesday [5 July] that Japan will continue aiding South Africa's nation-building efforts and is considering extending 100 million dollars in loans.

In his meeting with Mandela, Murayama said South Africa's stability and development are essential for southern Africa and the rest of Africa, a Foreign Ministry official said.

Murayama lauded Mandela's lifelong devotion to fighting racial discrimination and to achieving national reconciliation, and praised him for taking "realistic approaches" since assuming the presidency in May last year, the official said.

Japan hopes South Africa, with Mandela's strong leadership, will meet the great challenges, such as correcting inequality in the country, nation-building and national reconciliation, Murayama was quoted as saying.

During the 75-minute meeting at the Akasaka State Guesthouse in Tokyo, the Japanese prime minister described the relationship between Japan and South Africa as entering "a new era" since the democratic South African Government was formed a year ago.

Mandela, in Japan since Sunday for a five-day official visit, said Japanese aid gives South Africa the power to correct disparities and that Pretoria plans to use the aid effectively, the official said.

Mandela, who was elected president in South Africa's first multiracial elections in May 1994, said his government places priority on achieving national reconciliation.

He also urged Japanese investment to South Africa, saying there is no discrimination or regulations.

Murayama and Mandela agreed that the two countries should expand political dialogue and boost exchanges of people, the official said.

Touching on Japan's two-year aid package to South Africa totaling 1.3 billion dollars, Murayama was quoted as saying Tokyo wants to continue consultations with Pretoria on implementing the package.

Specifically, Murayama told Mandela that Japan will consider extending the equivalent of about 100 million dollars in official yen loans for projects aimed at improving water-supply systems and railroads.

The loan is part of the financial aid package announced in July last year, which consists of 300 million dollars in official development assistance (ODA), about 500 million dollars in loans through the Export-Import Bank of Japan and some 500 million dollars in trade and overseas investment insurance.

During a luncheon which followed the meeting, Mandela said that in its first year of democracy, South Africa "has laid a sound foundation for sustained growth in a climate which offers substantial opportunity for productive and profitable investment."

The president also said South Africa and Japan can now realize the enormous potential for establishing fruitful relations now that "South Africa has become a democracy and is free of apartheid."

"It will be a relationship based on mutual economic interest and shared commitment to democracy, peace and development," Mandela said in his speech.

South Africa particularly wants to learn from Japan in human resource development, innovation and work organization to shift its economy focusing on primary products to "one equipped to meet the economic challenges of the next century," he said.

Mandela is on his first trip to Japan since being elected president and his third since he was released in 1990 from nearly three decades in prison for antiapartheid activities.

South African Trade Minister Trevor Manuel and Foreign Minister Alfred Nzo are accompanying the president.

Mandela is to hold a press conference later in the day.

Mandela Discusses Trade Imbalance

OW0507125795 Tokyo KYODO in English
1110 GMT 5 Jul 95

[FBIS Transcribed Text] Tokyo, July 5 KYODO — South African President Nelson Mandela made a pitch Wednesday [5 June] for Japanese investment, offering assurances of social stability and an "ideal" climate for investors in his post-apartheid country.

At a press conference at the Japan national press club, Mandela also said the trade imbalance between Japan and South Africa needs to be corrected.

The South African president, on a five-day visit to Japan since Sunday, said South Africa is an "ideal place for investment" because of its developed infrastructure, modern harbor facilities, sophisticated banking and financial systems, cheap electricity and natural wealth.

His government has succeeded in lowering its once high crime rate, which was "one of the legacies inherited" from the apartheid-era South Africa, the 76-year-old president said, while there is also "no labor crisis."

Mandela said some imbalance remains in bilateral trade although South Africa is making efforts to expand its manufacturing base from one that is focused on primary products.

"There are still some imbalances in our trade, where Japan exports more goods to South Africa than we are able to export to Japan," he said. "And that imbalance has to be rectified."

According to Japanese statistics, Japanese exports to South Africa in 1993 were 2 billion dollars while imports from South Africa totaled 1.9 billion dollars.

Asked whether Pretoria was able to win specific investment from Japan during Mandela's visit, South African Trade and Industry Minister Trevor Manuel said Japanese businesses are unlikely to make "snap decisions" but instead are likely to make final decisions after careful analysis.

Mandela: No Labor Crisis

MB0507121895 Johannesburg SAPA in English
1120 GMT 05 Jul 95

[Report by Enrico Kemp]

[FBIS Transcribed Text] Tokyo July 5 SAPA — President Nelson Mandela on Wednesday assured potential Japanese investors that there was no labour crisis in South Africa.

Addressing a media conference at the Japan National Press Club in Tokyo, he added that the government had a "firm grip" on the high crime level in South Africa.

Mandela, who ended a four-day state visit to Japan on Wednesday, said security and the perceived turmoil in labour relations were two issues repeatedly raised by Japanese businessmen during talks to promote increased investment and trade.

He blamed the former National Party government for its failure to combat crime. "Instead of fighting crime, they used the security forces to suppress the liberation movement."

The gross imbalance between policing resources in former white and black areas had exacerbated crime levels. There was also still a racially-based disparity between the incomes of black and white workers in some sectors and black workers sought redress to improve their living conditions.

However, they acted in a disciplined manner and were led by experienced trade unionist leaders who appreciated the need for a stable environment for investment.

Mandela said South Africa was "an ideal place for investment", with the most developed infrastructure in Africa and a sophisticated financial and banking sector. He said discussions with Japanese political and business leaders during the past two days had focused on the improvement of all-round bilateral relations.

Trade and Industry Minister Trevor Manuel, touring with Mandela, said many Japanese overseeing manufacturing under licence in South Africa were eager to increase their stake in the local market.

Many corporations were also looking for cheaper off-shore locations for manufacturing operations because of the yen's strength and resulting high producing costs in Japan.

"This visit was very important, but it cannot be the last to Japan." He said talks on the implementation of Japan's R4.3-billion [rands] aid package to South Africa would continue between officials. Specific projects under discussion included the upgrading of Gauteng's commuter rail system and a water supply scheme in KwaNdebele.

Mandela and his delegation leave for Seoul, South Korea on Thursday morning.

Joint Communique Issued 5 Jul

*MB0507122195 Johannesburg SAPA in English
1205 GMT 05 Jul 95*

[FBIS Transcribed Text] Tokyo July 5 SAPA — President Nelson Mandela and Japanese Prime Minister Tomiichi Murayama on Wednesday committed them-

selves to strengthening bilateral relations between their countries.

In a joint communique issued after official talks between the two leaders, they pledged to promote stability and economic development in southern Africa and in the rest of the continent.

Mandela and Murayama stressed the need to promote economic relations between South Africa and Japan. The South African leader thanked his counterpart for Japan's efforts to improve economic co-operation and for its R4.3-billion [rands] development assistance package.

Several projects to be funded through the two-year aid package were in an advanced stage of negotiation. This included infrastructural projects linked to the Reconstruction and Development Programme.

The expansion of cultural, scientific and technical exchanges, including a "Japan week" in South Africa, was also envisaged.

Murayama said his country planned a "regional workshop for South and southern Africa" in Harare later this month to discuss Asia's development experiences. He said Japan would continue supporting regional economic co-operation under the auspices of the Southern African Development Community.

The two leaders also discussed global issues, such as the reform of the United Nations. They recognised the need to strengthen the UN Security Council by expanding its membership and committed themselves to the peaceful use of nuclear energy.

Foreign Minister Alfred Nzo, who is accompanying Mandela, said Japan had not sought South Africa's support for a permanent seat on the Security Council. "The South African Government will be the final arbiter on this question of what country specifically we believe will strengthen the Security Council."

South African Foreign Minister on UN Seat Bid

*MB0407115695 Johannesburg THE STAR in English
04 Jul 95 p 9*

[Report by Patrick Bulger]

[FBIS Transcribed Excerpt] Tokyo — Foreign Affairs Minister Alfred Nzo hinted that South Africa would not unequivocally support Japan's bid to gain a permanent seat on the UN Security Council. Nzo, who is accompanying President Nelson Mandela on a four-day State visit to Japan, said yesterday that South Africa was not in a position to give a "definite undertaking" on the matter. "Our position has to be synchronised (with southern Africa and Africa)," he added.

Nzo said South Africa [SA] saw Japan as a vital link in its relations with the G7 group of industrialised nations. "Japan has shown a great deal of interest in assisting, especially with the RDP [Reconstruction and Development Program]," he said.

A major part of the trip was aimed at finalising details of Japan's \$1.3 billion (R4.68-billion [rands]) assistance package to South Africa. The package has been delayed because the two governments have so far been unable to agree on the fundamental principles within which the package will be structured.

SA's ambassador to Japan, Christo Prins, said the delay was due to "technical issues" and he foresaw "good progress" on the question during this visit. Prins said Japanese investors were cautious and planned well ahead before investing. They tended to compare investment conditions with south-east Asian states and also focused on the need for skilled labour and a trouble-free labour environment. He said Japan had been "very impressed" by South Africa's fiscal discipline. Trade between the two countries and Japanese investment in South Africa are the priorities of Mandela's State visit.
[passage omitted]

Comments on Bilateral Relations

MB0307102395 Johannesburg SAPA in English
0908 GMT 03 Jul 95

[Report by Enrico Kemp]

[FBIS Transcribed Text] Tokyo July 3 SAPA — President Nelson Mandela's visit to Japan will create a heightened awareness of South Africa as a trade partner and investment venue, Minister of Trade and Industry Trevor Manuel said on Monday.

In an interview, he said the President's trip would also strengthen bilateral relations and result in improved goodwill toward South Africa. "The visit takes place at a very fortuitous time because many Japanese manufacturers are concerned about the strong yen and are looking for cheaper, offshore locations."

South Africa's infrastructure and efficient corporate law environment were attractive, but many Japanese investors were still concerned about crime and labour strikes. Not enough was being done to effectively market South Africa's investment incentives in Japan and the rest of Asia, Manuel said.

South Africa's R3.737 billion [rands] trade deficit with Japan could only be reduced in the long term through enhanced manufacturing capacity and the export of high quality finished products.

At present, South African exports to Japan consist mainly of unprocessed or semi-beneficiated base metals and minerals. "We want to shift the trade pattern which in many ways still resembles the relationship between metropolis and periphery."

Joint beneficiation ventures, such as the Samancor plant due to open on July 17 in the Eastern Transvaal, were a welcome initiative in the right direction.

Manuel said Japan had extended its Generalised System of Preferences (GSP) to a range of South African imports, which had created some opportunities for South African manufacturers to penetrate the Japanese market.

He hoped to meet his Japanese counterpart for talks later this week. Earlier, the minister visited the Matsuzakaya departmental store in Tokyo's exclusive Ginza district, where a wide range of South African products are on sale. Watched by curious shoppers, Manuel inspected and sampled South African wines, fruit juices, dried fruit and sushi made with South African tuna.

Store Manager Sadao Inoue said wines and fruit juices were the best sellers, with juice sales recording a 444 percent growth between 1993 and 1994. "This product display creates a good image of South African products among a very discerning clientele. We need now to extend the range of products beyond processed agricultural products to also include other manufactured goods," Manuel said afterwards.

Discusses Cooperation Issues

MB0307064595 Johannesburg SAPA in English
0522 GMT 03 Jul 95

[Report by Enrico Kemp]

[FBIS Transcribed Text] Tokyo July 3 SAPA — South Africa would seek a bilateral agreement with Japan on co-operation in the fields of science and technology, Foreign Minister Alfred Nzo said on Monday. He said in an interview that the possibility of cultural exchanges was also being considered.

Nzo, who is accompanying President Nelson Mandela on a four-day state visit to Japan, said the President's trip would "help to consolidate" political and economic ties between the two states.

Links with Japan would benefit South African relations with the G7 group of major industrialised countries while South Africa could assist Japan in extending its contacts and influence in southern Africa.

Nzo said talks between Mandela and Japanese Prime Minister Tomiichi Murayama on Wednesday would focus on bilateral political and economic relations,

with an emphasis on promoting trade and investment. The two leaders will also discuss international issues, including proposals to restructure the United Nations Security Council.

South Africa would seek consensus with fellow SADC [Southern African Development Community] and OAU member states before adopting a final position on proposals to extend membership of the Security Council.

Nzo said although South Africa's foreign policy priorities reflected a commitment to the sub-continent and Africa as a whole, beneficial, long-standing relations with traditional partners also had to be maintained. "It would be to our detriment if we were to suddenly cut back. We have to maintain these relations to help us meet the most urgent needs of our country."

South Africa would continue seeking closer ties with the emerging economic powerhouses in southeast Asia, but this did not imply a proliferation of diplomatic missions in the region. "We are considering setting up a centre to service the region and create the possibility for that centre to move around."

South African Ambassador Christo Prins said Japanese investors were "very prudent" when deciding on new investments in South Africa. The abolition of the dual exchange rate, restraints on foreign borrowing and general fiscal discipline had impressed Japanese investors, but the lack of clarity on investment incentives, coupled with high labour costs for a largely unskilled labour force, hampered efforts to promote new investment.

Ministry: Foreign Reserves Reach World Record

*OW0307110795 Tokyo KYODO in English
0903 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Japan's foreign exchange reserves hit another world record at 157,034 million dollars at the end of June, up 2,760 million dollars from a month earlier, marking the fifth straight month of record highs, the Finance Ministry said Monday [3 July].

The previous high was 154,274 million dollars in May.

The June figure is also the 20th consecutive monthly rise in outstanding foreign reserves since November 1993, the ministry added.

The foreign reserves include convertible foreign currencies, gold and international monetary fund special drawing rights.

The 2,760 million dollar increase in reserves during June was much larger than the monthly rise of 604 million dollars in May, the ministry said.

The sharp growth in the monthly increase was attributed to the fact that there were settlements in early June of massive dollar-buying by Japan to curb the yen's rises on foreign exchanges conducted in late May, the ministry said.

The dollar was quoted at 84.73 yen on June 1 and traded at 84.68 yen on June 30, after moving between the upper half of 85 yen and mid-83 yen levels, it said.

The range of fluctuation during June was much narrower than in previous months.

As of the end of April, Japan remained the world's largest holder of foreign reserves at 153.7 billion dollars, followed by Taiwan's 100.3 billion dollars.

The United States was the third with 90 billion dollars as of late March, while Germany ranked the fourth at 86.7 billion dollars as of April. China was the fifth with an end of March figure of 60 billion dollars, the ministry said.

Keidanren Decides on Campaign for ITER Project

*OW0407101195 Tokyo MAINICHI SHIMBUN
in Japanese 23 Jun 95 Morning Edition p 1*

[FBIS Translated Text] On 22 June, the Japan Federation of Economic Organizations [Keidanren] (chaired by Shoichiro Toyoda), decided to start a campaign to invite a project to construct an International Tokamak Experimental Reactor (ITER) — for which Japan, the United States, Europe, and Russia are promoting joint research — in Japan. The location of its construction is the Mutsuogawara development area in Rokkashomura of Aomori Prefecture. Keeping abreast with an official announcement to be made in July on conditions for selecting a construction site, an ITER directorate will form a nationwide council for promotion of the ITER invitation and work on international organizations and the government for that purpose.

Unlike conventional nuclear plants, which use energy generated by nuclear fusion, thermonuclear fusion is a system designed to use energy generated during the collision and fusion of nuclei. The ITER uses heavy hydrogen contained in saltwater and other materials as fuel, and the four countries are aiming at putting the ITER into practical use by the mid-21st Century. An agreement was reached at the 1985 U.S.-Soviet summit talks to start joint substantive tests [jisho shiken] on application of the technology. The ITER directorate will select an ITER construction site and its construction work will start by 1998.

Since the construction cost of the reactor alone will reach several hundred billion yen, the four countries

will construct only one ITER. It will be a big project, whose cost, if researchers' accommodation facilities are included, is expected to exceed one trillion yen.

Last year, Yutaka Den was inaugurated as chairman of the "Mutsuogawara Development," which is in charge of the Mutsuogawara development project, and has accumulated debts that amount to more than 200 billion yen. From the viewpoint of steadily supplying energy generated by nonfossil fuels and activating the regional economy, Keidanren decided to start the campaign to bring the ITER construction project to Japan.

In addition to the United States, Germany, France, Russia, and other countries, the Naka Research Center of the Japan Atomic Energy Research Institute, which is already conducting substantive tests, and Tomakomai Eastern Industrial Base of Hokkaido, have already expressed their hope of becoming the site of the ITER. Rokkashomura also started its campaign to lure the project to its Mutsuogawara development region.

Delay of End-of-War Rite Suggested for APEC

*OW0407080695 Tokyo KYODO in English
0712 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Some ruling coalition party leaders are suggesting that an Aug. 15 commemoration of the end of World War II be postponed to coincide with Asia-Pacific economic talks this fall in Osaka, a coalition party official said Tuesday [4 July].

Liberal Democratic Party (LDP) Secretary General Yoshiro Mori told reporters that Chief Cabinet Secretary Kozo Igarashi appeared in favor of holding the commemoration ceremony at the time of the summit of the Asia-Pacific Economic Cooperation (APEC) forum in November.

Senior members of the LDP, Social Democratic Party and New Party Sakigake later agreed, however, to let the government decide on the timing and content of the ceremony.

A coalition project team has been studying how a government-sponsored ceremony will mark the 50th anniversary of the end of World War II on Aug. 15 since members of the coalition differ over historical interpretations of the war.

Mori said that staging the ceremony in Osaka or Kobe in the fall would allow the leaders of the APEC member nations to take part in the commemoration and allow Japan to express its gratitude for the aid it received following the Jan. 17 earthquake in western Japan.

Mori suggested that the ceremony, if held on the occasion of the APEC meeting, would be future-oriented, with an emphasis on peace and international contributions.

The Foreign Ministry, however, has expressed reservations about the difficulties of realizing such a proposal, Mori said.

'Mysterious' Fumes Reported at Yokohama Station

*OW0207065795 Tokyo KYODO in English
0628 GMT 2 Jul 95*

[FBIS Transcribed Text] Yokohama, July 2 KYODO — Seventeen people were taken to hospitals Sunday [2 July] after inhaling mysterious fumes near an underground railway station and complaining of throat pain, firefighters said.

The odor was detected around 2 P.M. [0500 GMT] by passers-by just outside of Kamioka station on the Yokohama municipal subway.

A series of incidents of foul odors of unknown origin were reported in Japan both before and after the March 20 nerve gas attack on the Tokyo subway system. The Aum Shinrikyo religious sect is suspected of involvement in the subway attack, which killed 12 people.

Thirty-Six People Hospitalized

*OW0207124795 Tokyo KYODO in English
1235 GMT 2 Jul 95*

[FBIS Transcribed Text] Yokohama, July 2 KYODO — Thirty-six people were taken to hospital Sunday [2 July] after inhaling mysterious fumes near a subway station in Yokohama and complaining of throat pain and smarting eyes, firefighters said.

The odor was detected around 1:30 P.M. [0430 GMT] by passers-by at an underground passage just outside of Kamioka Station on the Yokohama Municipal Subway in Konan Ward.

None of the sufferers was in serious condition, doctors said.

Police closed an eight-story department store with two basements leading to the passage.

But police and firefighters have not found any chemical evidence, they said.

An employee at the supermarket in the department store's first basement floor said "there was no odor, but I suddenly felt pain in my throat and later my eyes started to hurt."

A series of incidents involving foul odors of unknown origin were reported in Japan both before and after the March 20 nerve gas attack on the Tokyo subway system.

The Aum Shinrikyo religious sect is suspected of involvement in the subway attack, which killed 12 people and injured some 5,500.

Four Tokyo Stations Targets of Gas Incidents

OW0407234895 *Tokyo KYODO in English*
2322 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Two railway stations and two subway stations in Tokyo were hit by cases of gas, including one involving lethal cyanide gas, or mysterious fumes Tuesday [4 July] evening through early Wednesday with four people injured, police said.

Two plastic bags containing cyanide soda and sulfuric acid capable of producing enough cyanide gas to kill an estimated 9,000 people were found by a janitor at Kayabacho subway station on the Hibiya Line around 6:15 P.M. [0915 GMT] during the evening rush-hour, police said.

The bags, along with a timer device, were found in a women's toilet, police said.

The subway line was one of those hit by the March 20 sarin nerve gas attack that killed 12 people and injured some 5,500 others.

Around 12:10 A.M. Wednesday at Tokyo station, three men detected offensive fumes in a men's room and were taken to hospitals after complaining of throat pain and headaches.

Police, however, did not find any chemical that could have caused the odor, they said.

Twenty minutes later, a plastic bag containing a powder and wine-colored liquid was found by a janitor in a men's room at Shinjuku station along with a timer device similar to the one found at Kayabacho station, police said.

A man passing nearby complained of sickness was taken to hospital.

Around 12:30 A.M. at Ginza station on the Marunouchi Line, a passenger complained of an offensive odor in a men's room. Police found a broken bottle found in front of the lavatory but it appeared not to have contained a poisonous chemical, police said.

On May 5, a cyanide gas attack on Shinjuku subway station was foiled when subway workers were able to prevent chemicals in two plastic bags from combining into a noxious gas in a men's room.

The Aum Shinrikyo religious group is suspected of launching the March 20 sarin gas attack on the Tokyo subway system. Cult leader Shoko Asahara and other key figures have been indicted on murder and attempted murder charges.

Several members of the cult now in custody in connection with the subway gassing have admitted that the religious group was involved in the May Shinjuku case, police sources said.

'Lethal Gas' Device Discovered

OW0407151495 *Tokyo KYODO in English*
1444 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — A plastic package containing a lethal gas producing device was found at a Tokyo subway station Tuesday [4 July] evening, police said.

The black, lunchbox-shaped package contained what appears to be a time device, cyanide soda and sulfuric acid capable of producing enough cyanide gas to kill about 9,000 people, the Metropolitan Police Department (MPD) said.

There were 900 grams of cyanide soda and 1,500 grams of sulfuric acid in the package, found by a cleaner among the garbage in the lady's room at Kayabacho station on the Hibiya line during the evening rush-hour, the MPD said.

The line was one of those hit by the March 20 sarin nerve gas attack that killed 12 people and injured some 5,500 others.

Also found in the package were a timer, two dry cells and a vinyl bag containing the lethal chemicals, it said.

Police suspect the devise was designed to generate the lethal gas in an attempted terrorist attack as a similar device was found in early May at Tokyo's Shinjuku subway station.

On May 5, a cyanide gas attack on Shinjuku subway station was narrowly averted when subway workers prevented chemicals in two plastic bags found in a men's rest room from leaking lethal hydrocyanic gas.

The chemicals could have produced enough lethal gas to kill about 10,000 people.

Several members of Aum Shinrikyo now in custody in connection with the Tokyo subway gassing have admitted that the religious cult was involved in the Shinjuku case.

Seven cult members on a wanted list for murder and attempted murder in the subway gassing remain at large.

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Police Investigating Case

*OW0407140595 Tokyo KYODO in English
1355 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Lethal chemicals were discovered at a subway station Tuesday [4 July] night in Tokyo and police began investigating the case as an attempted terrorist attack.

A cleaner found a timing device inside a small cylindrical container among the garbage in the lady's room at Kabayacho Station on the Hibiya line in downtown Tokyo at 6:15 p.m., police said.

The device consisted of two batteries and a timer and was inside a type of Japanese lunch box, which was placed inside the 28-centimeter cylinder.

Also inside the cylinder was a vinyl bag containing sodium cyanide and aluminum, police said.

Police suspect the device was intended to generate lethal hydrocyanic gas.

In early May, a cyanide gas attack on Tokyo's Shinjuku Subway Station was narrowly averted as subway workers prevented chemicals in two plastic bags from leaking lethal hydrocyanic gas.

The chemicals could have produced enough gas to kill about 10,000 people.

Similar Timing Devices Used

*OW0507031495 Tokyo KYODO in English
0213 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Timing devices attached to two potentially lethal gas bombs left in Tokyo subway and railway stations Tuesday [4 July] evening through early Wednesday are very similar, investigators said.

The devices were found attached to plastic bags containing chemicals found at Kayabacho station on the subway Hibiya line and the East Japan Railways (JR East) Shinjuku station, Tuesday evening and early Wednesday morning.

Four people were injured in the latest assault on the Tokyo transportation network, as commuters also complained of foul odors at the JR East Tokyo station, and Ginza station on the subway Marunouchi Line.

Police said Wednesday that in addition to similar timing devices found in Kayabacho and Shinjuku stations, plastic bags found at both stations contained what appeared to be sulfuric acid and both were pinkish in color.

Two plastic bags separately containing cyanide soda and sulfuric acid, found by a janitor in a women's toilet stall in Kayabacho station at around 6:15 P.M. [0915 GMT] Tuesday, had enough of the chemicals to produce cyanide gas capable of killing an estimated 9,000 people, police said.

The subway Hibiya line was one of those hit by the March 20 sarin nerve gas attack that killed 12 people and injured some 5,500 others.

A plastic bag containing a wine-colored liquid believed to be sulfuric acid was found by a janitor in a men's toilet stall at Shinjuku station along with a timing device similar to the one found at Kayabacho station. Police said they also found cyanide soda at the site.

Investigators cut the lead wire from the alarm clock to a motor connected to a knife, but the knife had already cut into the bag and some of the liquid had leaked out, police said.

One 46-year-old man said he did not feel well and was taken to a hospital.

Police said they are looking into possible connections with the May 5 cyanide gas attack on the Shinjuku subway station, which is suspected of being carried out by the Aum Shinrikyo religious sect.

Around 12:10 A.M. Wednesday at Tokyo station, three men were afflicted by foul-smelling fumes in a men's room and were taken to hospitals after complaining of headaches and chest pains.

Police, however, did not find any chemical that could have caused the odor, but are continuing their investigation, they said.

In what appears to be an unrelated incident, police said a commuter complained of a foul odor from a men's toilet around 12:30 A.M. at Ginza station on the Marunouchi line, but police said there appeared to be no poisonous substances involved.

On May 5, a cyanide gas attack on Shinjuku subway station was foiled when subway workers were able to prevent chemicals in two plastic bags found in the men's toilet from being mixed to form a lethal gas.

Aum Shinrikyo is suspected of launching the March 20 sarin gas attack on the Tokyo subway system. Cult leader Shoko Asahara and other key figures have been indicted on murder and attempted murder charges in connection with that attack.

Several Aum members now in custody in connection with the subway gassing have admitted that the religious group was involved in the incident in Shinjuku in May, police sources said.

Meanwhile, Aum Shinrikyo denied any involvement in the latest gas attacks.

The sect's information office said in a statement that Aum Shinrikyo was "absolutely not involved."

Aum Remittances to Foreign Companies Reported
OW0107035395 Tokyo KYODO in English
0139 GMT 1 Jul 95

[FBIS Transcribed Text] Tokyo, July 1 KYODO — The Aum Shinrikyo religious group paid some 4 billion yen to business companies in foreign countries over the past three years, including Taiwan, Australia and the United States, police sources said Saturday [1 July].

Investigators who are trying to probe the flow of money of the cult group have confirmed that the amount was remitted by the group, the sources said.

Of the total, investigators could not confirm the recipients or purposes of the remittance of several hundred million yen to the U.S. and other countries, they said.

Most of the amount, or 3 billion yen, was paid to a Taiwanese company from a computer company run by the cult as the price for computers and computer parts purchased by the Aum firm.

The group remitted some 100 million yen to accounts of a Russian company at banks in the Netherlands, Finland and other European countries as "broadcasting fees," which likely indicates payments for a program of a Moscow broadcasting station bought by the religious group.

It also paid some 40 million yen to an Australian company as fees for buying a farm and medicines, and nearly 1 billion yen to other computer-related companies in the U.S. and other countries.

Although Aum was most active in Russia, the investigators could not find any remittance by the group to that country, the sources said.

The investigators suspect that the cult obtained weapons from Russia and that it might have sent money to Russia through dummy companies in third countries including the U.S. for the weapons, they said.

Aum leader Shoko Asahara and other senior members have been indicted on murder charges in the March sarin nerve gas attack on Tokyo subways.

Police Suspect Aum Australian Uranium Plan
OW0107075995 Tokyo KYODO in English
0729 GMT 1 Jul 95

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Police suspect the No. 2 man in the Aum Shinrikyo

religious cult, Kiyohide Hayakawa, visited Australia in 1993 to investigate the extraction of uranium for the development of nuclear weapons, police sources said Saturday [1 July].

Hayakawa, 45, who is currently facing indictment on charges of preparation for murder in connection with the March 20 sarin gas attack on the Tokyo subway, was in Australia for about 10 days sometime between April and May in 1993, the sources said.

A notebook police suspect he kept shows a number of entries totaling 10 pages for this period which refer to the whereabouts and properties of uranium in Australia, including one praising the quality of the uranium in the state of South Australia, the sources said.

Other references in Hayakawa's notebooks previously found by police include a plan to import Russian tanks and a reference to the cost of Russian nuclear warheads, they said.

Investigators suspect Hayakawa was the central figure in the cult's plans to arm and they are trying to determine his movements while in Australia, the sources said.

Police in Australia have already found evidence the cult was conducting experiments with the deadly gas sarin on sheep at property it owned in west Australia, but Japanese investigators suspect it may also have been planning to mine uranium, the sources said.

Australia is one of the world's leading exporters of uranium ore. Private companies mine the ore, but the number of licensed mines is restricted by the Australian Government.

Aum guru Shoko Asahara and other key members have been indicted on charges of murder and attempted murder in connection with the sarin nerve gas attack on Tokyo subways, which killed 12 people and sickened some 5,500 others.

Police: Aum Planned To Build Explosives Plant
OW0407054095 Tokyo KYODO in English
0427 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The Aum Shinrikyo religious cult had planned to build a large explosives plant, police sources said Tuesday [4 July].

The plan was described in a notebook which the Tokyo Metropolitan Police Department confiscated from Aum "construction minister" Kiyohide Hayakawa, 45, the sources said.

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The notebook contains references to TNT [trinitrotoluene], RDX [cyclonite (Research Department Explosive)], HMX [expansion unknown] and PETN [pentaerythritol tetranitrate], all types of explosives for military use, as well as notes that say "5/5 TNT plant, plan, plant engineer, unlawful, 88 million yen," suggesting the group had plans to build an explosives plant, the sources said.

There also are descriptions that say "observing a chemical plant" and "30,000 tons TNT," as well as a chemical formula, they said.

Police suspect Aum may have been behind a letter bomb addressed to Tokyo Gov. Yukio Aoshima that injured the governor's aide when it exploded May 16, and a small explosion May 19 at a Tokyo apartment that used to house a religion researcher who was favorable toward the cult.

Investigators have found a quantity of glycerin and nitric acid, that can be used to produce explosives, from Aum facilities at the village of Kamikuishiki, Yamanashi Prefecture, west of Tokyo.

Hayakawa has been indicted, along with Aum leader Shoko Asahara, 40, in connection with the March 20 nerve gas sarin attack on the Tokyo subway system that killed 12 people and injured some 5,500 others.

Meanwhile, police have seized from the group's Kamikuishiki facilities a tank apparently used for last year's sarin poisoning of a residential area in Matsumoto, Nagano Prefecture, central Japan, police sources said.

Seven people were killed and more than 200 were injured in the Matsumoto attack.

Police believe the tank apparently contained the poisonous sarin which they suspect Aum members scattered from a truck.

On the other hand, Aum "home affairs minister" Tomomitsu Niimi, 31, who has confessed to the killing of a man with nerve gas VX [expansion unknown], has told police he thought the victim was spying on the cult, police sources said.

The man, a 28-year-old office worker in Osaka who had been to Aum facilities several times, died last December on his way to work, they said.

Police: Aum Members Say Asahara Ordered Murder

*OW0307144195 Tokyo KYODO in English
1426 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Aum Shinrikyo leader Shoko Asahara told his aides he

would have a follower executed prior to a meeting of executives in connection with the 1994 killing of Kotaro Ochida, a pharmacist of the cult's clinic, according to confession by arrested cult members, police sources said Monday [3 July].

Asahara, 40, charged with murder and attempted murder in connection with the March 20 sarin nerve gas attack on the Tokyo subway, was rearrested last month on suspicion of ordering Hideaki Yasuda, a 27-year-old Aum member, to strangle Ochida, 29, in January last year.

Asahara ordered Yasuda to kill Ochida at the cult's complex in the village of Kamikuishiki at the foot of Mt. Fuji, after the two were caught by cult members Jan. 30 last year as trying to take Yasuda's mother out of the complex, according to confessions by arrested cult members, the sources said.

The sources said that Asahara told his aides on the way to a meeting to discuss how to punish the two men that he would have Ochida killed. But the sources say Asahara denies ordering the murder.

When senior cult members discussed how they should punish the two, Asahara allegedly said, "Yasuda can give himself a punishment by killing Ochida," the police sources said, quoting senior members who are under arrest.

Asahara then ordered Yasuda to "murder Ochida by yourself" and to "conduct religious training twice a week" at the cult's training school, they said.

Ochida said to Yasuda "I am prepared," and Yasuda — saying "I'm sorry" — strangled him with a rope at the compound in front of Asahara, his wife Tomoko Matsumoto and several other senior members.

The sources said that after a member confirmed Ochida was dead, Asahara told Matsumoto, "I did not want you to see this," and she replied, "it is in accordance with the cult's principles, isn't it?"

Police have arrested a total of nine Aum followers in connection with the murder of Ochida, including Yasuda, Asahara and Matsumoto.

Aum Shinrikyo is believed to have carried out the sarin attack on the Tokyo subway, which killed 12 people and injured about 5,500.

Asahara Indicted on Additional Murder Charge

*OW0507121095 Tokyo KYODO in English
0832 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Prosecutors Wednesday [5 July] indicted Aum Shin-

rikyo leader Shoko Asahara again on an additional charge of ordering the murder of one of his followers.

Asahara, 40, who is already charged with murder and attempted murder in connection with the March 20 sarin nerve gas attack on the Tokyo subway system, allegedly ordered Hideaki Yasuda, a 27-year-old member of the cult, to strangle a pharmacist at the cult's clinic in January last year.

Aum Shinrikyo is suspected of having carried out the Tokyo subway gassing, which killed 12 people and injured about 5,500.

Asahara was rearrested last month in connection with the murder of the pharmacist, Kotaro Ochida, 29.

According to confessions by arrested cult members, Asahara ordered Yasuda to kill Ochida at the cult's complex at the foot of Mt. Fuji after the two were caught by cult members Jan. 30 last year trying to take Yasuda's mother out of the complex, police sources said.

Police have arrested a total of nine Aum followers in connection with the murder of Ochida, including Yasuda and Asahara.

Aum guru Asahara was also rearrested Wednesday on suspicion of producing anesthetic in violation of the nation's Drugs, Cosmetics and Medical Instruments Law, police officials said.

The anesthetic was also used as a truth drug, police sources said.

Police Identify Driver of Sarin-Spraying Vehicle
OW0407131195 Tokyo KYODO in English
1224 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — Police have identified the driver of a vehicle which sprayed lethal sarin gas around a residential area in Matsumoto in June last year as well as a person who sat in the front passenger seat to operate the spraying device by remote control, police sources said Tuesday [4 July].

Satoru Hashimoto, 28, a member of the "Home Affairs Ministry" of the Aum Shinrikyo religious cult, was the driver of the vehicle, and the cult's "science and technology minister," Hideo Murai, 36, who was killed by a self-claimed rightist in April, controlled the device, the sources said.

Hashimoto is already under arrest in connection with the sarin attack on the Tokyo subways in March of this year.

Police suspect the cult used a remodeled 2-ton container truck in the attack in the central Japanese city. Seven people were killed and more than 200 were injured in the attack.

The vehicle was equipped with a large electric heating device for vaporizing the liquid sarin which was then blown out of the vehicle by a fan through a hole on the side of the car.

Investigators think Murai controlled the amount of liquid to be vaporized by opening and closing a nozzle, the sources said. Murai was probably controlling the nozzle while checking the direction and strength of the wind, they said.

Police suspect a total of 16 or 17 cult members were involved in the Matsumoto attack.

Many of them are already under arrest and police will rearrest them as early as next week, the sources said.

Meanwhile, police have also learned that the group had planned to build a large explosives plant, the sources said.

The plan was described in a notebook which the metropolitan police department confiscated from Aum "Construction Minister" Kiyohide Hayakawa, 45, they said.

Investigators have found a quantity of glycerin and nitric acid, which could be used to produce explosives, at Aum facilities in the village of Kamikuishiki, Yamanashi Prefecture, west of Tokyo.

Hayakawa has been indicted, along with Aum leader Shoko Asahara, 40, in connection with the subway attack that killed 12 people and injured some 5,500 others.

Sakigake's Future Linked to Upper House Election
OW0307110995 Tokyo KYODO in English
0925 GMT 3 Jul 95

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Results of the July 23 House of Councillors elections will determine whether New Party Sakigake will stay in the tripartite ruling coalition, Sakigake Secretary General Yukio Hatoyama said Monday [3 July].

Hatoyama said at a Tokyo press conference that "the upper house election outcome will tell" whether the coalition will continue with Prime Minister Tomiichi Murayama, and whether Sakigake will join the government in case the alliance replaces Murayama.

Murayama's Social Democratic Party (SDP) is widely expected to lose upper house seats, and a major SDP defeat may force Murayama to resign as prime minister.

"It will be silly staying in the administration when we know we cannot make sure our policy is reflected," Hatoyama said.

Sakigake, which was launched two years ago and holds 21 seats in the House of Representatives, hopes to win 10 seats in the upper house, although it currently holds no seats, he said.

Hatoyama said Sakigake will release a new pump-priming policy in a few days, naming it the "New Japanese Dream," including positive use of deficit-covering bonds, as well as issuance of ordinary government bonds worth 10 trillion yen to raise funds to buy land which owners have been unable to sell, and use the land for public purposes.

The party will also propose making it a fundamental policy in the financial system to promote disclosure of information on financial institutions' bad loans and other issues, he said.

Sakigake will promote deregulation so that new industry can fill in the hollowing-out of existing Japanese industries due to the surging yen, and foster state financial assistance for research and development, Hatoyama said.

The party also advocates that Japan should make nonmilitary contributions for developing countries in Asia and other regions, and takes a cautious stance toward whether Japan should be allowed to become a new permanent member of the UN Security Council, he said.

Hatoyama expressed regret that Sakigake was unable to make the June 9 Diet resolution to commemorate the 50th anniversary of the end of the World War II "properly" include remorse and apology for Japan's wartime deeds in Asia.

LDP Aiming for 66 Seats in Upper House Poll

OW0407083295 Tokyo KYODO in English
0801 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The coalition's main ruling bloc, the Liberal Democratic Party (LDP), aims to capture 66 of the 126 House of Councillors seats up for grabs in the July 23 election, LDP Secretary General Yoshiro Mori said Tuesday [4 July].

In the 252-member chamber, the LDP currently holds 93 seats, of which 33 are up for election. Mori told a Tokyo press conference that his party aims to "double" the 33 figure.

Upper house legislators are elected to six-year terms, with half the house elected every three years.

The 33 LDP members won their seats in 1989, when the party was defeated amid public criticism of political corruption and a [word indistinct] scandal involving then Prime Minister Sosuke Uno, who resigned to take responsibility for the LDP loss.

Mori also said the tripartite ruling coalition of the LDP, the Social Democratic Party (SDP) and New Party Sakigake should adhere to its current framework until either the LDP or SDP wins a majority in the House of Representatives.

He said the LDP will continue supporting SDP leader Tomiichi Murayama as premier.

Sakigake Secretary General Yukio Hatoyama said Monday results of the polls will determine whether the coalition will continue with Murayama as head and whether Sakigake will join the government should the alliance replace Murayama.

The SDP is widely expected to lose upper house seats, and a major defeat could force Murayama to resign as prime minister.

Mori said he hopes the public will eventually want to see an LDP prime minister or a single-party government, but that "it is not the time yet."

"We have to continue maintaining relations with the SDP and Sakigake so that we can cooperate with each other as we move toward the future," he said.

The next general election of the more powerful House of Representatives, which is expected to be held either later this year or next year, will launch a single-seat constituency system in which politics will converge into a two-party system, Mori said.

"At that time (of a two-party system), an alliance of forces that has strived together will be preferable," he said.

The LDP has a difficult time in forging agreements with its coalition partners on economic and pump-priming policies. Its policies are comparatively much closer to those held by the main opposition party Shinshinto (New Frontier Party), but the two parties are unable to form an alliance, he said.

Mori said he will support LDP President Yohei Kono, who also serves as foreign minister, in another two-year term as president if he runs. The LDP presidential election will be held in fall.

Business Leader Denounces Coalition Agreement

*OW0407095795 Tokyo KYODO in English
0926 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — A prominent business leader Tuesday [4 July] denounced a policy agreement by three ruling coalition parties and called for an early general election to establish a stable single-party government.

Jiro Ushio, head of the Japan Association of Corporate Executives (Keizai Doyukai), told a news conference the policy accord adopted by the three ruling parties last week will not be effective for stimulating the domestic economy.

The agreement included a pledge to slash Japan's current account surplus and certain measures to prop up the flagging economy.

"A general election should be held under a single-slate electoral system as early as possible, depending on the outcome of the House of Councillors election, so that a stable government to be steered either by the Liberal Democratic Party (LDP) or (opposition) Shinshinto (New Frontier Party) will be established," Ushio said.

An election for the House of Councillors will be held July 23.

Ushio, who is chairman of Ushio Inc., a maker of electric lamps, said it would be difficult for the ruling coalition including the Social Democratic Party (SDP) to take effective economic measures.

The LDP, a conservative party, is the largest group in the ruling coalition which also includes the SDP and New Party Sakigake.

Ushio said it is inappropriate for a multiparty alliance to steer the nation at a time when a sweeping economic reform is required.

Hashimoto Ends News Conference 'Abruptly' 30 Jun

OW0407100895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Jul 95 Morning Edition p 5

[FBIS Translated Text] "If such a question should be asked, I would like to cut this news conference short." — Following the settlement of Japan-U.S. auto negotiations, Minister of International Trade and Industry [MITI] Ryutaro Hashimoto returned from Geneva and held a news conference on 30 Jun. When a reporter asked "whether the settlement of the talks will lead to a strengthening of the MITI minister's political position," Hashimoto expressly indicated his displeasure at the

question connected with political issues, and abruptly left the conference room after about 20 minutes.

The MITI minister stated: "When I left for the talks, I did not think it would be possible to reach an accord." Since the talks were expected to be that difficult, it was all the more difficult for Hashimoto to decide whether or not to answer this question, because his efforts at the talks might be taken as an attempt "to gain points" toward attaining the post-Murayama premiership.

Without showing any from the three-day marathon talks, MITI Minister Hashimoto attended the new conference with a smile. Touching on how the negotiations were finally settled, Hashimoto stated: "The U.S. side indicated that it would do to make estimates in our own way and that it would be all right to state in the document that Japan does not recognize (numerical values)." In this way, he disclosed that the United States, that had insisted on numerical targets, made a proposal for compromise, thereby prompting the two sides to move toward reaching an accord.

Regarding the outcome of the talks, Hashimoto stressed that "it is a victory not only for Japan and the United States, but for member nations of the World Trade Organ (WTO) as well." At the same time, he disclosed a plan for sending senior officials to Australia and the European nations that had participated in the WTO consultations to brief them on the outcome of the talks. However, in reply to a question as to "whether he thinks that the distrust existing between Japan and the United States has been eliminated because of the settlement of the talks," Hashimoto merely stated: "I feel that the United States should at least have confidence that Japan would take responsibility for what it has promised." Thus, he indicated his view that the settlement has not resulted in eliminating distrust.

Even after the settlement, U.S. Trade Representative (USTR) Kantor and others have indicated their hardline position by stating that "if no progress should be made in complying with the accord, the U.S. Trade Act will be applied." Touching on this fact, Hashimoto stressed: "It is stated in the document that Japan has no involvement (in numerical values). And this point is included in the accord reached." Thus, he indicated his displeasure with measures taken by the United States.

Former Premier Takeo Fukuda Dies at 90

*OW0507085795 Tokyo KYODO in English
0754 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Former Prime Minister Takeo Fukuda, whose career reflected the vicissitudes of the Liberal Democratic

Party (LDP), died of chronic pulmonary emphysema Wednesday [5 July] at a Tokyo hospital. He was 90.

A Finance Ministry bureaucrat-turned politician, Fukuda held various key posts, including the premiership from 1976 to 1978.

During his two-year tenure as Japan's 67th premier, Fukuda, originally a staunch supporter of the LDP's pro-Taiwan camp, successfully oversaw the signing of a Japan-China peace and friendship pact.

His prime ministership also saw the opening of new Tokyo International Airport at Narita, Chiba Prefecture, after years of sometimes violent clashes between police and airport protesters.

Speaking with reporters at his official residence, Prime Minister Tomiichi Murayama expressed his condolences on the death of former Premier Fukuda.

"I cannot help mourning for the death of such a respectable person. I offer my sincere condolences," he said.

Murayama, who praised Fukuda for his role in laying the basis of Japan's policy toward other Asian countries, also commented on Fukuda's personal qualities. "He was a man who devoted his whole life to work, so to speak. I respected him for that," Murayama said.

A core representative of the LDP's minority factions, Fukuda had a party career that was dominated by his long rivalry with the late Kakuei Tanaka. Their struggle often came close to outright war and increased intraparty strife to an unprecedented scale.

Tanaka, the preacher of economic miracles, and Fukuda, who put stability before growth, were deeply divided on policy issues and also bore deep-seated grudges against one another.

After 21 years of service with the powerful Finance Ministry, which he left after being implicated in the Showa Denko bribery scandal, Fukuda was first elected to the House of Representatives in 1952 from his native Gunma Prefecture.

Fukuda held several cabinet minister portfolios, including those for agriculture, finance and foreign affairs, before winning the contests in 1976 for LDP president and prime minister.

His rise to the nation's top political post came after an unsuccessful bid for the premiership in 1972.

Fukuda resigned as finance minister in 1974 after then Prime Minister Kakuei Tanaka came under fire in a financial scandal. He served as deputy premier under the government of Prime Minister Takeo Miki.

But two years later, Fukuda teamed up with another LDP leader, Masayoshi Ohira, to drive Miki from power as Miki tried to step up investigations into the Lockheed scandal. He became premier in November 1976.

With support from Tanaka, Ohira thwarted Fukuda's reelection bid as LDP president in 1978. Fukuda's chagrin over his treatment by his opponents in the party was apparent in comments on his landslide defeat. "Sometimes the mandate of heaven is strange," he said.

In 1986, he ceded leadership of his faction to the late Shintaro Abe and retired from politics in 1990.

But Fukuda, who likened himself to the popular figure Mito Komon, the uncle of a former shogun who fought against injustice and corruption, continued to play a role in meetings of former world leaders on global issues such as the environment and population.

In May, he retired from his post as honorary chairman of the Interaction Council, which groups elder statesmen from around the world.

LDP President Yohei Kono, who is also foreign minister, deplored the death of Fukuda who he said took a lot of diplomatic initiatives, including the "Fukuda doctrine" emphasizing Japan's Asian orientation.

Eishiro Saito, honorary chairman of the Federation of Economic Organizations (Keidanren), said that with Fukuda's death the number of "great politicians who have their own vision" has further decreased.

Jiro Nemoto, president of the Japan Federation of Employers' Associations (Nikkeiren), who expressed his "heartfelt regret" over Fukuda's death, hailed him as "a politician who took a long-term perspective following one single ideal."

Article on Battle Over Defense Budget Growth

OW0507025595 Tokyo SANKEI SHIMBUN
in Japanese 26 Jun 95 Morning Edition p 3

[("Battle Over Fate of Defense Budget Starts" from the "Horizontal and Vertical" column)]

[FBIS Translated Text] As the government deadline of August approaches for putting a cap on each ministry's rough budget requests for fiscal 1996, debate has stirred within the government and ruling parties over whether the defense budget, the highlight of the budget, should be increased or not. While the prime minister and the Social Democratic Party of Japan [SDPJ] seek to put a squeeze on any increase in the defense budget, the Liberal Democratic Party [LDP] and the Defense Agency [DA] are standing against them. There was a similar dispute over the defense budget between the

LDP and the SDPJ last year. But this year, they are at loggerheads even while work to review the National Defense Program Outline is continuing. As the next defense budget will guide the agency's future course, a heated battle is likely to take place.

Prime Minister's Official Residence Versus Defense Agency

Prime Minister Tomiichi Murayama, speaking at a news conference in Naha city on 23 June, where he attended the 50th memorial service for those who died in the Battle of Okinawa, stressed he wants to restrain defense spending and include this position in a new coalition agreement among the ruling parties, and he also disclosed a wish to increase the Self-Defense Forces's [SDF] capabilities in handling disasters.

Chief Cabinet Secretary Kozo Igarashi told a press conference on the same day: "We hope to put a restraint on spending on front-line equipment."

As part of disarmament efforts, the prime minister and those close to him originally intended to give negative growth to defense spending, which has continued to increase, and eventually to reduce the budget. For the SDPJ in particular, which has changed its defense policies, there is a pressing need to cut the defense budget to display the party's traditional character.

Meanwhile, the DA maintains a hardline position. DA Vice Minister Naoaki Murata has twice visited the prime minister's office and emphatically explained to Chief Cabinet Secretary Igarashi that the government could restrain his agency's budget growth rate for this fiscal year to 0.855 percent, the lowest since 1960, because payment for equipment purchased in previous years proved less than budgeted for. He added, though, that the growth rate for the next fiscal year should exceed that for fiscal 1995 because the DA has to pay for front-line equipment such as Airborne Warning and Control System (AWACS) aircraft and an Aegis destroyer the DA bought previously.

The DA intends to call on the government to set the growth rate at 3 to 4 percent, a long way from the position taken by Murayama.

Reacting to the DA's request, Chief Cabinet Secretary Igarashi said: "I am honestly struggling over the DA's request."

He added, however: "We will do something," thereby indicating he intended to maintain a policy of restraining the growth rate.

Disarmament Versus Arms Expansion

Unusual attention has been paid to discussions this year on defense spending for next fiscal year, because discussions are being held amid continuing work to review the "National Defense Program Outline," which serves as the guideline for defense build-up and because the budget for the next fiscal year will be compiled under the new outline for the first time. A session of the Security Council chaired by Prime Minister Murayama was held on 9 June, giving an impetus to work to review the outline.

In working out the new coalition agreement among the ruling parties, the SDPJ stressed the "need to work out a new defense program outline aimed at drastically reforming the SDF," thereby indicating the intention to reflect in the outline the party's policy of "beefing up SDF's rescue capabilities to deal with disasters, while at the same time reducing the scale of the SDF."

The DA, meanwhile, has proposed the achievement of compact and effective defense capabilities and are study the possibility of cuts in the number of the Ground SDF personnel and fighter planes in the Air SDF. However, the DA proposal would promote the modernization of equipment, and "would not directly to lead to simple disarmament and a defense cut" (according to senior officials).

In response to the prime minister's belief that the world is moving toward disarmament in the post-Cold War era, the DA counter argued that there are many unstable elements in the Asia-Pacific region, including North Korea's suspected development of nuclear weapons and military expansion in China. It says "the greatest attempt in history to accumulate armaments is in progress in the region."

A senior DA leader said: "We need to secure the necessary amount in the budget ceiling at any rate," thereby indicating a desire to hold in check moves toward restraining the budget.

The LDP Versus the SDPJ

Like the DA, the LDP is also increasingly concerned about the budget. At a 16 June session LDP members who belong to divisions on defense affairs confirmed a policy of: 1) securing a necessary budget without playing cheap tricks; and 2) opposing the postponement of payment for equipment purchased in previous years because it is meaningless. At the meeting, counter arguments were made that "the LDP made concessions last year, and it is the SDPJ's turn to compromise this year," and "we cannot tolerate the SDPJ calling for cuts in the budget without seeing the structure and details of it."

There was also on 13 June a joint meeting of the "Security and Defense Policy Study Group" (chairman: Tsumoru Kawara, former DA Director-General) and "The League of Members Concerned with Defense Affairs" (chairman: former Education Minister Masayuki Fujio) — composed of members concerned with defense affairs — which was attended by about 60 members. Comments were heard such as: "We should refrain from calling for restraint in the budget because of a general move toward disarmament, without first debating the details of the budget."

Members at the meeting drew up a petition calling for an appropriate increase in defense spending. Mr. Kawara and other members handed the petition to Chief Cabinet Secretary Igarashi on 15 June, asking him "not to touch on figures because now is a crucial period."

However, as there are Diet members who have doubts about DA plans to cut the number of SDF personnel and reorganize the SDF, work to bridge the gap with the SDPJ is likely to face rough going.

Government Decides To Front-Load Public Works
*OW0307122195 Tokyo KYODO in English
1113 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — The government decided Monday [3 July] to heavily front-load public works projects in the first half of fiscal 1995 in line with its efforts to stimulate the domestic economy, officials said.

The government officials said 75.6 percent of public works projects set for fiscal 1995 will be contracted in the April September period, except in the quake-ravaged areas of the Kobe-Osaka region.

The original fiscal 1995 budget earmarked 16,950.4 billion yen for public works projects by the central and local governments as well as public corporations.

The officials said 12,806.1 billion yen worth of projects will be contracted in the first half of the fiscal year.

Vice Finance Minister Views Economic Outlook
*OW0307111095 Tokyo KYODO in English
1018 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Vice Finance Minister Kyosuke Shinohara painted a gloomy outlook for the Japanese economy on Monday [3 July], saying economic indicators are not necessarily pointing to recovery.

Shinohara told a news conference the ministry will closely monitor the effects of a fresh package of eco-

nomic stimulus measures implemented by the government last week.

He made the remark in connection with the prolonged stock market slump, and said the ministry would go all-out to implement the economic package.

Shinohara said that basically optimism about a recovery is not warranted.

Shinohara said the ministry wants to complete the outline of measures for the disposal of bad loans held by financial institutions, including a revision of the Deposit Insurance Law, within one year so that individual institutions can eliminate irrecoverable loans within five years.

He said the ministry's plan has been misunderstood and stressed that the basic program will be completed by the end of this year.

Tomio Tsutsumi Urges Short-Term Stimulus Steps
*OW0307082895 Tokyo KYODO in English
0752 GMT 3 Jul 95*

[FBIS Transcribed Text] Tokyo, July 3 KYODO — Vice Trade Minister Tomio Tsutsumi on Monday [3 July] called for short-term measures to prop up the domestic economy, expressing concern over the prolonged stock market slump.

Tsutsumi told a news conference that a short-term stimulus package has become more important than ever because the economic slump will hamper structural reforms of the economy.

He said stock market movement is an important leading indicator for the domestic economy and that the market slump necessitates pump-priming measures.

But Tsutsumi said he presently has no concrete measures in mind.

He said the government's policy was to carry out structural reforms of the domestic economy while maintaining moderate economic growth, but the current economic situation makes it hard to pursue this strategy.

'Worries' About Economy Cause Consumption Fall
*OW0407083395 Tokyo KYODO in English
0822 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The retail industry has not had much to be cheerful about lately.

Consumption showed signs of picking up last summer when the country sweltered in unusually hot weather, but it slowed down again after the Kobe earthquake in

January and the sarin gas attack on the Tokyo subway system in March.

Sales at the nation's department stores in May dropped 2.2 percent a year earlier, down for the 39th month in a row.

May supermarket sales fell 1.5 percent from a year earlier, down for the third consecutive month. The only rise seen this year in supermarket sales was in February when sales inched up a meager 0.2 percent.

The number of products sold at supermarkets and department stores is generally growing but the trend for lower retail prices has put a lid on sales.

Some shops are seeing a decline in both retail prices and the number of products sold. Such phenomena are leading to worries that these may be cases of "small deflation."

A senior official at Seiyu Ltd., a major supermarket operator, says, however, that there are no signs yet that deflation has crept into the industry as a whole.

"Disinflation (the end of inflation) is the word to describe the current situation," he said. "Deflation is where worries about employment and salaries arise, but we have not reached that stage yet," he said.

Still, with worries about the economy seen to be a major factor behind the fall in consumption, it is uncertain when customers will begin buying with more vigor.

"Predicting the future consumption trend is very difficult," says an official at the Japan department stores association.

The so-called "price destruction" trend which became the rage last year can no longer be relied on to boost consumption.

"When price-busting becomes the norm, it is no longer an incentive for people to buy," says one retail industry official.

Declines in retail prices have consequently become less steep, as reflected in the price index released every six months by Seiyu.

The index, based on prices at which products were actually sold at Seiyu, dropped 4.5 percent during the period from September last year to February from the year before.

The fall was smaller than the year-on-year 6.2 percent drop during the March-August period last year.

For the moment, the weather is what retailers are counting on to boost sales.

The cold rainy weather in June has already made it difficult to sell short-sleeved clothes.

"The bargain season starts this month. If the skies don't clear, sales will be sinking further," said an official at Odakyu Department Store Co.

Matsushita: Economic Recovery Stalling Somewhat

*OW0507091795 Tokyo KYODO in English
0803 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — Bank of Japan [BOJ] Governor Yasuo Matsushita on Wednesday [5 July] gave a slightly downbeat assessment of the economy, saying the recovery is "nearly taking a pause".

Matsushita said at a news conference, "Although the energy of the economic recovery continues to work, the recovery is stalling somewhat at the moment."

The central bank will keep a careful watch on economic developments for the time being to judge whether the present standstill is temporary or not, Matsushita said.

On monetary policy, Matsushita said that now is not the time to start considering another cut in the official discount rate.

Matsushita dismissed growing concern over deflation, saying, "We are not in a deflationary situation."

It is desirable that domestic prices are falling due to drops in importing costs amid the yen's appreciation, as well as to improvements in productivity through corporate restructuring, Matsushita said.

Matsushita said recent stock price movements have reflected a lack of corporate confidence in the economic outlook.

Tumbling stock prices, however, have not damaged company management as a whole, he said.

On Monday, the benchmark 225-issue Nikkei index at one point slipped below the critical line of 14,309.41 points registered in August 1992, a record low after the bursting of the so-called bubble economy in the late 1980s.

The central bank will closely monitor how the weakness of the stock market affects economic activities, he said.

Touching on economic conditions again, Matsushita said there is a sign that the recovery in private-sector housing starts and public investment is taking a break, while export growth incentives have decelerated due to the strong yen and a slowdown in the U.S. economy.

The pace of growth in industrial production is likely to come to a standstill in the summer, and construction material inventories are likely to pile up, he said.

As favorable factors, Matsushita cited the gradual recovery in capital spending by manufacturers, notably the high-technology industry, although he added that such forward-looking moves have yet to be seen in the nonmanufacturing and smaller business sectors.

Corporate management apparently cannot wipe out the lingering uncertainty over the economic outlook, he said.

Matsushita then urged drastic deregulation so that the energy of the market economy can be best made use of.

Matsushita was evasive when asked about the advisability of using public money to help dispose of financial institutions' nonperforming loans.

"We cannot discuss the use of public funds lightly because it involves a burden on the people," Matsushita said, adding, "I expect an in-depth discussion on the issue from various viewpoints."

Matsushita reiterated the central bank is ready to provide its funds, though under strict conditions, should such financial support become inevitable to stabilize the financial system.

Komura: Key Economic Indicators 'Have Weakened'

*OW0507113795 Tokyo KYODO in English
1007 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — The government is studying the possibility of taking a tougher view of the current economic activity in its monthly report due out next Tuesday [11 July], government sources said Wednesday.

The sources said the study follows a stern assessment of the economy made by Bank of Japan Governor Yasuo Matsushita at a news conference earlier in the day.

The government has painted a rosy picture for the domestic economy since December last year, saying "the economy is following a recovery path, albeit at a slow pace."

Masahiko Komura, director general of the Economic Planning Agency, called on Prime Minister Tomiichi Murayama on Wednesday and reported that key economic indicators, including retail sales and housing starts, have weakened.

Emerging from the meeting, Komura told reporters "the economic indicators score more losses than gains."

signaling the government takes a stern view of the economy.

The sources said the government's economic report will follow the basic observation that the economy is on a recovery path, but will inject a warning about a stagnant recovery.

According to key economic indicators for May, the nation's industrial output dipped 0.3 percent from the preceding month for the second straight month-to-month drop, while housing starts plunged 11.1 percent for the third straight month of declines.

Sales at large-scale retail stores dropped 2.1 percent for the sixth straight month-to-month drop, while the ratio of job openings to job seekers fell to 0.63, declining for the second straight month.

The Ministry of International Trade and Industry warned that the decline in industrial output shows deflationary pressure is growing.

Komura said concerns over deflation cannot be denied, while Finance Minister Masayoshi Takemura said that although the domestic economy is basically on a recovery path, the pace of recovery is not smooth.

The government's economic report for June said the domestic economy showed signs of adverse effects of the yen's appreciation, marking a step backward from the previous month's observation that the strong yen may cause an adverse impact on the economy.

Attention now is focused on whether the July report will mark an about-face of the government's judgment on the economy.

Komura showed a cautious stance on the matter, saying capital investment by corporations is in the process of recovering.

Survey: Recession Causes Corporate Asset Decline

*OW0407064195 Tokyo KYODO in English
0613 GMT 4 Jul 95*

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The protracted recession has caused the value of corporate assets to decline by 0.5 percent in fiscal 1994 on an all-industry basis, a survey by KYODO NEWS SERVICE showed Tuesday [4 July].

Restructuring and dismantling of idle facilities, coupled with restraint on capital investment owing to the economic slump, were responsible for the decline.

The survey covered corporations listed on the Tokyo stock exchange which released their business results for the year ended March 31.

For the nonmanufacturing sector, the drop was 0.4 percent, following a 0.7 percent fall recorded in the preceding year.

In contrast, manufacturing industries reported a rise of 0.8 percent, a turnaround from a 1.7 percent fall in the preceding year, apparently because their restructuring process has peaked.

Industries which reported a decline in asset value included construction, shipping, air transport, finance, including brokerages, and paper-pulp, chemicals, rubber, steel and automobiles.

Electric power and gas utilities reported a rise, along with electronics makers, reflecting growing demand for semiconductors.

Nomura Research Institute forecast a further decline in the value of corporate assets in the current fiscal year because corporations are expected to step up restructuring efforts as concern grows over a possible setback in the economic recovery process.

Traditional Business Practices Said Under Review

OW0507051495 *Tokyo NIHON KEIZAI SHIMBUN*
in Japanese 26 Jun 95 Morning Edition p 1

[First in series: "Breaking Down Taboos in Japanese Management"; this one: "Domino Effect in Breaking Keiretsu Tie-Ups"]

[FBIS Translated Text] Faced with the super strong yen, which is taking root, and with apprehension about deflation in the background, Japanese companies have begun to challenge management taboos. They are reviewing Japan's traditional business practices — including keiretsu, harmonizing with others, and lifetime employment — which have until now been tacitly accepted as preconditions for business management. How will the Japanese corporate management change? We examine the movement at the industrial forefront.

Auto parts makers form a pyramid business structure with an auto maker itself at the apex. This production structure, which is unique to Japan and has supported Japanese auto industries' competitive power, is becoming shaky. It has been criticized by other countries as a symbol of the closed Japanese market, and is known as "keiretsu," a word adopted by other countries without being translated into English.

Rebellion by Companies Affiliated to Nissan

Isehara, an industrial city, is located in the western part of Kanagawa Prefecture. Ichikoh Industries, an auto light maker directly affiliated to Nissan Motor Company, has a headlight production plant at Isehara that is now working at full capacity making headlights

for Toyota Motor Company's small recreation vehicle (RV) called the "RAV4."

The RAV4 was introduced into auto market in May 1994. Toyota priced the small recreation vehicle at 1.598 million yen, the cheapest in the RV market. To keep production costs low, Toyota wanted a parts maker to manufacture headlights for the vehicle at 25 percent below the market price. It was not Koito Manufacturing Company, which is affiliated to Toyota, that responded to the request, it was Ichiko [full name not known], which is affiliated to Nissan.

Shigeo Takada, president of Ichiko, smilingly said: "We competed with Koito and won the contract for the new Toyota model." The Isehara plant produces 14,000 headlights a month for the RAV4, close to the number of headlights the plant produces for the "March," Nissan's most popular mass-production car. Toyota is filling a shortfall created by the drop in production of Nissan's luxury "Infiniti" model due to the fear of U.S. sanctions against Japan.

Kansei Corporation is an electronic machine maker directly affiliated to Nissan and located in Omiya city in Saitama Prefecture. At its main factory there is a signboard: "Honda Motorcycle Production Line." For the first time the company received an order this year for the production of Honda motorcycle speedometers, which had been produced almost exclusively by the Honda-affiliated Nippon Precision Machinery.

Shoju Ishii, president of Kansei said: "We would like to solidify our stand and launch an offensive against Nissan-affiliated companies to reduce the amount of business they do with Honda from 80 to 70 percent."

Controller, a firm which produces air bags whose use is spreading far and wide as a safety device, plans to sell them to Toyota after meeting Nissan's growing demand for the product.

The companies that have lost business, though are not so happy. According to Akira Koito, managing director and sales chief at Koito headquarters, the company "gave the RAV4 away." He intends now to go on the offensive, saying: "From now on we will take whatever we can."

Atsuo Nagai, president of Nippon Seiki, said: "We would like to sell our product to companies abroad, to the 'Big Three,' in particular." He is trying to get out of affiliation to Honda. This year, Nippon Seiki successfully won a direct order for production of auto instruments for the "Covet," the most popular General Motors model.

Foreign Companies Became Threat

Japanese auto manufacturers have established solid pyramidal keiretsu structures by investing in and sending personnel to parts makers. Nissan was no exception. However, due to its shrinking domestic sales share and worsening business results, Nissan is asking its subsidiary parts makers to lower parts prices. As a result, parts makers have been forced to seek new business with other companies in order to stay in operation. As far as the deployment of auto makers' personnel is concerned, some parts makers have taken a cool stand, saying: "We will nominate capable people rather than relying on the auto maker to send us their staff."

With the "rebellion" of parts makers marking a turning point, a domino effect can be seen as, one after another, they strike new business deals with other auto makers and break down the keiretsu system.

Offensives by foreign auto makers, supported by the strong yen, also pose a threat to Japanese auto makers. TRW of the United States has won from Kansei the contract to produce air bags for Nissan's "Bluebird," its most popular model in the United States, where it is known as the "Altima."

Expansion of Japan's purchase of U.S.-made auto parts is the major point of dispute in the Japan-U.S. auto talks. However, U.S. parts makers believe: "With the yen becoming so strong, Japanese auto makers will expand parts procurement in the United States at a faster rate even if we do nothing."

The procurement strategies of Japanese auto makers are also changing. Yasuo Tsuchiya, chief of Mitsubishi General Research Institute's management and market strategy department, points out: "The 'Big Three' of the United States is buckling down to the task of forming the world's best procurement system, designed to buy the most less expensive parts from all over the world. The keiretsu of Japan will also go through fundamental changes."

Power Relationship May Be Reversed

But those parts makers that survive elimination in a competitive free market, may become very strong. A president of a parts maker said: "It is possible to reverse the power relationship between the parts makers and the auto makers if we have original technology and manage to survive in the competition."

As a matter of fact, four parts makers unaffiliated to any auto maker are included in the top 200 U.S. manufacturing companies chosen by "FORTUNE" magazine. Both TRW and Eaton made a profit that is close to 30 billion yen after tax in 1994.

To date, auto parts makers have relegated themselves to the status of subcontractors and accepted small profits in return for a guaranteed amount of work.

In the personal computer field, where Japan and the United States sell almost the same number of computers as of cars, Intel Corporation, which is a parts maker, plays a dominant role. The collapse of the auto production keiretsu is a golden opportunity to reverse the balance of power between auto and parts makers.

Banking Leader on Conditions for Public Fund Use

OW0407101495 Tokyo KYODO in English
0914 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — A top Japanese private banker Tuesday [4 July] urged three prerequisites, such as transparency, for the use of public money to dispose of bankrupt financial institutions, in addition to the major premise of the people's consensus.

Toru Hashimoto, head of the Federation of Bankers Associations of Japan, said at a press conference that he asked for these conditions at the day's first meeting of a subcommittee on financial system stabilization under the financial system research council, an advisory body to the finance minister.

Self-responsibility by bankrupt lenders should be achieved, impartiality and transparency in injecting public funds should be ensured, and the management independence of other supporting financial institutions should not be restricted, Hashimoto said.

Since the federation lacks sufficient information to judge the entire situation of bad loans held by financial institutions, it is not in a position to make any comment on whether to use public money for the bad loan disposal, Hashimoto said, leaving the judgment to the financial authorities.

Hashimoto then called for specifying the purpose of examining the use of public funds, saying the subcommittee should discuss the issue only to help dispose of failed lenders.

Using public money as part of pump-priming measures should be discussed at other places, he said.

On economic conditions, Hashimoto said the yen's rapid appreciation has cooled down the confidence of both companies and consumers.

Hashimoto then called upon the government to promptly implement the agile and specific economic stimulus measures embodied in its latest package released late last month.

It is also necessary to positively discuss the abolishment of securities transaction taxes and review of landholding taxes at the earliest possible opportunity, in view of short-term pump-priming measures and taxation on assets, Hashimoto said.

Hashimoto sounded negative about further credit easing, saying the effects of the cut in the official discount rate in April to an historic low of 1 percent per annum will take from six months to a year to spread.

It is necessary to keep a close eye on developments for the time being, he said.

He also ruled out the possibility of lowering the short-term prime lending rate under the circumstances.

MOT: Ports Container Capacities Upgrade Needed

*OW3006133295 Tokyo KYODO in English
1234 GMT 30 Jun 95*

[FBIS Transcribed Text] Tokyo, June 30 KYODO — Harbors across Japan will be upgraded in their container handling capacity in anticipation of a dramatic rise in such shipments over the coming 15 years, the Ministry of Transport [MOT] said Friday [30 June].

At the core of the ministry's long-term harbor strategy running through the year 2010 is the development of port facilities in the bays of Tokyo, Ise and Osaka as well as Kitakyushu port into main international harbor regions, ministry officials said.

Another 16 ports across the nation will be improved or extended to boost sea-bound trade with Japan's Asian neighbors.

Work will start under a new five-year harbor facility plan that begins in fiscal year 1996. The ministry predicts a 2.4-fold jump in the global volume of container shipments over the 1992 level by 2010.

In the waters surrounding Japan and in South Asian shipping lanes such shipments will increase an even more dramatic 3.8 times, underlining the need for a relevant "harbor network," the officials said.

The aim of the strategy is to have international harbors equally distributed throughout the country and closely linked with major highways to ensure that trucks are able to deliver shipments to the hinterland in half a day.

One or two harbors in each region should be equipped with wharfs and docks to facilitate the handling of all kinds of shipments.

Ultramodern container terminals and special wharfs with 15-meter deep harbor basins for large container ships will be built in the four main harbor regions covering the ports of Tokyo, Yokohama, Kawasaki, Nagoya,

Yokkaichi, Osaka, Kobe, Shimonoseki, Kitakyushu and Hakata.

The operation of port facilities there might be extended to Sundays in an effort to improve service, the officials said.

Eight other ports including Tomakomai in Hokkaido, Niigata, Hiroshima and Naha on Okinawa will get container terminals for shipments to and from Europe and the United States.

Ministry Draws Up Airport Construction Plan

*OW0507114795 Tokyo KYODO in English
1019 GMT 5 Jul 95*

[FBIS Transcribed Text] Tokyo, July 5 KYODO — The Construction Ministry has drawn up a new five-year airport construction plan, worth up to 3.92 trillion yen, ministry officials said Wednesday [5 July].

The plan, the seventh of its kind, is to start in April 1996.

It is centered on three big projects — setting aside 600 billion yen for the second-phase construction of a new runway for Kansai International Airport, launching construction of an international airport in the Chubu District in central Japan at a cost of about 300 billion yen, and conducting feasibility studies to spend about 200 billion yen on the long-considered plan of building a new airport in the Tokyo area, the officials said.

Related sectors have basically agreed to build the Chubu District's international airport in Ise Bay, off the coast of Tokoname on Chita Peninsula, Aichi Prefecture, by the early 2000s.

As for the proposed new airport in the Tokyo area, research on the idea is to start from now, the officials said.

The five-year plan also includes projects to expand the Narita and Haneda airports, together worth about 1 trillion yen, and smaller construction projects at other regional airports.

The total projects under the plan are estimated at 3.45 trillion yen to 3.92 trillion yen at most, up 8 to 23 percent from the current five-year plan which is ending in March 1996, the ministry officials said.

The ministry expects a fund shortage of 250 billion to 400 billion yen for the new medium-term plan.

To make up for the shortfall, the ministry plans to ask financial authorities to increase the budgetary allocation for the ministry in the national public works spending.

Mayor Opens Way for Nuclear Plant Referendum

OW0407142995 Tokyo KYODO in English
1407 GMT 4 Jul 95

[FBIS Transcribed Text] Niigata, Japan, July 4 KYODO — Japan's first plebiscite on a planned nuclear power plant could be held by Oct. 15 in the town of Maki, in Niigata Prefecture, thanks to the town mayor's decision Tuesday [4 July] not to exercise his right of veto over an ordinance mandating the plebiscite.

The Maki Town Council passed the ordinance on June 26 mandating the holding of a referendum within 90 days on the construction of the plant by Tohoku Electric Power Co.

The ordinance required Maki, a town facing the Sea of Japan with a population of about 30,000, to hold a referendum on the nuclear power plant by October at the latest, making it the first Japanese local government to do so.

The town's mayor, Kanji Sato, a supporter of the plant, told a press conference Tuesday he will forego his right to resubmit the ordinance to assembly debate — a move which would effectively serve as a veto — because resubmitting it could cause "political confusion" in the town.

Sato previously hinted that he would exercise his right to resubmit the ordinance to debate, prompting antiplant assembly members and citizens' groups in the town to call for his removal from office.

The ordinance requires the mayor to respect the wishes of the majority vote in the referendum.

In an unofficial poll held by a citizens' group opposed to the plant in February, 9,854 people, or about 43 percent of the town's eligible voters, cast votes against construction of the plant.

In the town council election in April, 12 candidates calling for a referendum were elected, giving them a majority in the 22-seat council.

Tohoku Electric Power wants to start constructing the 4 million-kilowatt plant in 1998 with a view to commencing operation in 2004.

Institute Plans High-Level Nuclear Waste Burn

OW0407051795 Tokyo KYODO in English
0417 GMT 4 Jul 95

[FBIS Transcribed Text] Tokyo, July 4 KYODO — The Japan Atomic Energy Research Institute said Tuesday [4 July] it will establish an experimental plant to burn high-level radioactive waste in an effort to reduce health and

environment hazards from the storage of such highly toxic substances.

The plant, consisting of a giant particle accelerator and a special nuclear reactor, will be built at the institute's research facility in the coastal village of Tokai, Ibaraki Prefecture, northeast of Tokyo.

Researchers are already working on the development and design of elementary technologies for the project, which could enter the construction stage as early as in 1996 provided the institute's budget appropriations are approved.

Due to its toxicity, the disposal of nuclear waste poses a great problem. Burying the waste underground, for instance in old salt mines, is a common disposal method.

However, since some radioactive materials are extremely long-lived needing up to several million years before they decay into less harmful substances, doubts remain about the safety of current forms of waste disposal given that the lifetime of most waste containers is considerably shorter.

By burning the waste, the researchers hope to speed up its disintegration, shortening the period during which high-level radiation is being emitted to less than 1,000 years, a period during which waste containers are expected to remain intact.

The project will focus on substances known as minor actinoids such as the radioactive isotope neptunium 237, which has a half-life of 2.14 million years.

The half-life gives the time required for one half of a given quantity of a radioactive substance to decay. Minor actinoids constitute only a small fraction of nuclear waste, but due to their long life expectancy, they are responsible for the waste's long-term toxicity.

Under the project, minor actinoids would be extracted from spent nuclear fuel together with plutonium during reprocessing and then used as fuel in the new plant.

But since nuclear reactors become difficult to control if their fuel contains a high share of minor actinoids, the new reactor would be kept below criticality, the state when nuclear fission becomes sufficient to sustain a chain reaction.

Instead, protons launched by the particle accelerator would bombard a tungsten target in the reactor core, producing enough neutrons for a chain reaction in actinoid-containing nuclear fuel that would result in harmless substances and low-level waste.

According to institute officials, that method would permit the controlled and safe burning of a large

quantity of high-level waste. Ten reactors the size of the Japanese fast-breeder reactor Monju would be enough to take care of all long-lived nuclear waste produced by Japanese nuclear power plants, they said.

However, the whole project depends on the success of the particle accelerator since it triggers and controls the entire reaction, they said.

If the method proves viable, it would also force Japan to reconsider its current disposal method of vitrifying high-level nuclear waste for long-term storage as waste in that form could not be turned into fuel again.

Projects to use high-level nuclear waste as fuel instead of storing it are under way in several countries including France and the United States.

France is using such fuel in its experimental fast-breeder reactor Superphoenix and Japan plans to use the same method in its prototype fast-breeder reactor Monju.

In order to ensure safe operation of fast-breeder reactors, however, the ratio of high-level waste in nuclear fuel may not exceed a certain limit.

North Korea

U.S. Urged To Replace Armistice Agreement

'Unpredictable Incidents' Possible

*SK0507042495 Pyongyang KCNA in English
04'13 GMT 5 Jul 95*

[*"Future Developments Entirely Depend on Attitude of U.S. Military Side" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Lt. General Yi Chan-pok, chief of the Panmunjom mission of the Korean People's Army, sent a letter July 4 to Major General Ray L. Smith of the U.S. Marine Corps after the working contact which had taken place at Panmunjom for general-level talks between the DPRK and the U.S. military authorities broke down recently due to the U.S. military side.

Yi Chan-pok stressed that the future developments entirely depend on the attitude of the U.S. military side.

He said in the letter:

Establishment of a new peace mechanism is an urgent issue between the DPRK and the United States in view of the present status of the armistice system paralysed by the unilateral acts of the U.S. side and in view of the present situation on the Korean peninsula.

It is an undeniable fact that the nominal Armistice Agreement and the paralysed armistice system cannot

prevent even a small conflict in the Demilitarized Zone, still less the outbreak of a war.

Your side recognised this fact and responded to our proposal for general-level talks between the DPRK and U.S. military authorities.

As you know, negotiations were held in late December last year between representatives of the DPRK and U.S. Governments and military authorities to settle the U.S. military helicopter incident. Especially, the representatives of the two governments agreed to maintain military contact between the two countries. This was made public through a letter of understanding.

At the June 22 contact, your side said it would come out to the military talks between the two countries in company with representatives of the member nations of the "UN forces," who have nothing to do with the talks.

This unreasonable position compels us to doubt that you are sincerely willing to hold general-level talks between the DPRK and U.S. military authorities.

At the contact, the delegate of our side, therefore, made it clear that it would take countermeasures related to the status of the Demilitarized Zone along the Military Demarcation Line and the Armistice Agreement if the U.S. side sticks to its anti-dialogue attitude.

The break-down of the working contact caused by the U.S. side shows that it is not interested in establishment of a mechanism to prevent possible incidents and conflicts on the Korean peninsula and that it is not willing to find a substantial solution to the issue of peace and security in this part of the world.

I think unpredictable incidents may occur unless the DPRK and the United States establish a mechanism to prevent armed conflicts on the Korean peninsula at an early date.

Positions are now being built and many heavy and automatic weapons introduced in the South side area of the Demilitarized Zone and military provocations have been perpetrated almost every day against the North.

Recently, the U.S. side illegally intruded into the inviolable territory of the North by moving markers 0781, 0782 and 0783 on the Military Demarcation Line more than 50 metres into the North side area by stealth.

This is a deliberate and premeditated encroachment on the North's territory and a never-to-be-condoned hostile act.

You must know that we do never allow encroachment on an inch of our territory.

As we made clear in several rounds of the working-level contact, it is our position to bring the DPRK-U.S. military talks to success at any cost and prevent recurrence of unhappy things such as the U.S. army helicopter case last year.

Though the U.S. side's position was unreasonable, therefore, we put forward flexible and generous compromising proposals which take it into full consideration.

Our position for a negotiated solution to the problem remains unchanged.

But if the U.S. stands persistently opposed to it, we will have to take another choice.

Future developments fully depend on the U.S. attitude.

If the U.S. is truly interested in peace of the Korean peninsula, it must rescind its unjustifiable assertion and come out to the conference room at Panmunjom to manifest its position acceptable to us.

New Peace Treaty Urged

SK0407080995 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 3 Jul 95

[FBIS Translated Text] (Omrakash Mantri), secretary general of the Asia Regional Committee for Supporting Korean Reunification, sent a letter of protest to the U.S. President on 22 June on the occasion of the month of international solidarity with the DPRK people.

In the letter, he noted: It is 45 years since the United States attacked the northern half of the Republic, and 42 years since a truce was concluded in Korea. The United States, however, has yet to withdraw U.S. Armed Forces from South Korea. The people in Asia recognize there is no excuse for the United States to maintain its enormous military forces and nuclear weapons in South Korea under the current international situation in which the Cold War has ended.

He stressed: We insist that the United States stop its aggressive maneuvers against the DPRK and change its policy toward Korea in a direction that helps resolve the Korean and nuclear issue. The United States should replace the old Armistice Agreement with a peace treaty for durable peace on the Korean peninsula and peace in the world.

U.S.-ROK 'War Provocation Maneuvers' Decried

SK0307065095 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 29 Jun 95

[FBIS Translated Text] The U.S. bellicose circles and South Korean puppet clique, going counter to our

people's aspirations for reunification and to the trend of the time, are frantically staging northward aggressive war provocation maneuvers.

The civilian military hooligans announced the staging of a joint command post exercise, whose scale is as large as that of the Ulchi Focus-Lens war exercise, from 19 to 24 June along the entire area of the front line, thus running wild with war frenzy.

Earlier on 9 June, by installing floating bridges downstream on the Han River to enable heavy equipment, including tanks and troops, to cross, the puppet clique staged a military exercise of simultaneously crossing the river at many places and dominating the opponent. On 26 May, the puppets conducted the 95 coastal landing operation on the western sector of the front line.

In addition, the U.S. Air Force and puppet air force staged a joint RSOI [reception, staging, onward movement, integration] military exercise; the puppet army, navy, and air force conducted a northward aggressive offensive exercise in the air, on the ground and, in the sea by mobilizing reserve forces; and a U.S. mobile fleet and puppet warships carried out a joint military exercise with the carrier Independence at the center. Thus, the U.S. and South Korean warmaniacs perpetrated various kinds of military exercises one after another.

The U.S. and South Korean warmaniacs not only staged war exercises in succession, but also mobilized huge numbers of troops in these exercises. This clearly shows who is the ringleader infringing on peace and aggravating tensions on the Korean peninsula.

The U.S. and South Korean bellicose circles should clearly keep in mind the consequences to be brought about by such war exercise maneuvers. They should not run wild recklessly.

Foreign Groups Laud Joint LWR Statement

SK0107151795 Pyongyang KCNA in English 1512 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — Foreign organizations and media released statements and published articles supporting the joint press statement issued by the Democratic People's Republic of Korea and the United States in Kuala Lumpur.

In a statement June 22 the Tanzanian National Federation of Trade Unions said the publication of the joint press statement was another positive step to dispel hostile relations between the DPRK and the U.S. and ensure peace in the Korean peninsula and, furthermore, in Asia and the rest of the world. It urged the U.S. to begin the implementation of its commitments as early as possible.

The Ghanaian National Institute of the Chuche Idea, in a statement June 21, said the issue of the provision of light-water reactors must not be used as any political plaything. It expressed the hope that all the points of the joint press statement will be implemented successfully without deviation.

In a joint statement June 23 the Nepal-Korea Friendship Association and the Nepali Committee for Supporting Korean Reunification urged the U.S. to make sincere efforts for the implementation of the DPRK-U.S. framework agreement and thus contribute to ensuring the peace and security of the world.

The Pakistani paper PAKISTAN TIMES June 22 said in an article that the U.S. rescinded the delivery of non-existent "South Korean-model" light-water reactors [LWR] and finally accepted the DPRK's consistent demand. The provision of LWRs, the solution to the nuclear issue between the DPRK and the U.S. and the normalization of the relations between the two countries fully depend on the U.S.

The successful talks between the DPRK and the U.S. were reported also by the Pakistani papers THE MUSLIM, THE PAKISTAN OBSERVER, AL AKHBAR, and PAKISTAN and the APP, PPA and PPI news agencies, the Indian paper THE ECONOMIC TIMES and the Malaysian paper SIN CHIEW JIT POH.

U.S. Radiation Experiments on Citizens Noted

SK0307052995 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 3 Jul 95

[FBIS Translated Text] According to a report, the U.S. ABC television network exposed the fact on 20 June that about 1,500 children's bodies were used in a radioactivity experiment by the U.S. Government after World War II.

It reported that from 1945 to 1963, about 200 atmospheric nuclear tests were carried out. To examine the effect of strontium 90, a fission product, on children's marrow during the period the nuclear tests were carried out and bodies of children who died from diseases in hospitals throughout the United States were secretly transported.

ABC-TV obtained a top secret document drawn up in 1955 in which the actual conditions of radioactivity experiments on the human body were recorded in detail.

Foreign Media on DLP Loss in Local Elections

SK0107150995 Pyongyang KCNA in English 1507 GMT 1 Jul 95

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — The "Democratic Liberal Party [DLP]," Kim Yong-

sam's dictatorial political party, has been defeated in the "local autonomy elections", causing a big stir at home and abroad, according to radio reports from Seoul.

South Korean people of various strata say the results of the recent "elections" constitute a mid-term appreciation of the Kim Yong-sam "regime" and the defeat of the "DLP" is an expression of complaints and wrath of the people against the rulers.

Dissident organisations are contending that the defeat of the "DLP" in the "elections" and the landslide victory of opposition parties and democratic forces are a "stern judgement of the people on the repeated failures of policies and failure of reforms pursued by the ruling party."

The National Alliance for Democracy and Reunification in a commentary says the recent "election" results represent a mid-term appreciation of "DLP's ability of state administration and the authoritarian rule", adding that the Kim Yong-sam group must not turn its face away from the demand for changes shown in the results of the "elections."

YOMIURI SHIMBUN says that the ruling party was defeated at the ratio 10:5 in the "local autonomy elections", adding that a wave of defection from the "DLP" is expected to spring up within the party with the approach of the "general elections" slated for 1996 and the "presidential elections" in 1997, driving the Kim Yong-sam group into a tight corner.

THE NEW YORK TIMES views the defeat of the "DLP" in the "elections" as a mid-term estimation of Kim Yong-sam.

Kim Yong-sam "was hit hard by his rivals," the paper says.

The paper CHRISTIAN SCIENCE MONITOR says the results of the "local autonomy elections" in South Korea have proved that "South Korean electors dealt a disgraceful blow at Kim Yong-sam."

Thai, Malaysian and Singaporean TVs and other news media, analysing the factor of the defeat of the "DLP", say that the recent "election" results will have an effect on the "general elections" in 1996 and the "presidential elections" in 1997.

Papers Stress National Reunification

*SK0407105095 Pyongyang KCNA in English
1030 GMT 4 Jul 95*

[**"National Reunification Should Be Realized on Three Principles"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 4 (KCNA) — Papers here today carry articles on the 23rd anniversary of the publication of the historic July 4 joint statement of the North and South stressing that the reunification of Korea should be realized on the basis of the three principles of independence, peaceful reunification and great national unity.

Saying that the joint statement whose main content is the three principles of national reunification was published on July 4, 1972, a by-lined article of NODONG SINMUN adds:

First of all, it is important to firmly maintain the principle of national independence.

Those who are intending to contribute to national reunification should strictly reject dependence on foreign forces and achieve national reunification with their own efforts from the steadfast stand of national independence.

National reunification should be realized in a peaceful way without any struggle within the same nation.

All Koreans in the North, South and overseas should smash the criminal arms buildup and new war provocation moves perpetrated by the Kim Yong-sam traitor clique with foreign forces, turn the armistice state into a durable peace system and actively struggle for peace of the country and security of the nation.

Achieving the great unity of the whole nation is basic guarantee to realize national reunification in independent and peaceful ways.

"10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" put forward by the great leader Comrade Kim Il-song is the most correct guideline and great charter for national unity to build the internal forces for national reunification.

The entire Korean people in the North, South and overseas should unite on the basis of patriotism and the spirit of national independence without hesitation regardless of differences in idea, political view and religious belief, placing the common interests of the nation above anything else and subordinating everything to [word indistinct] under the banner of the 10-point programme of the great unity of the whole nation.

The most realistic and reasonable way for national reunification on the three principles is the confederacy

formula based on one nation, one state, two systems and two governments.

The entire compatriots at home and abroad should break the anti-reunification dream of home and foreign divisionists and vigorously struggle nation wide for realization of the most fair proposal for founding the Democratic Confederal Republic of Koryo.

An article of MINJU CHOSON states that the entire Koreans in North, South and overseas should smash all challenges and obstructions of the home and foreign divisionists and widely open the road for reunification in the 90s at any cost by successfully holding the great national reunification festival celebrating the 50th anniversary of the liberation of the country.

Reunification Festival Committee Meets Press

*SK0107221695 Pyongyang KCNA in English
1524 GMT 1 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — The North side Preparatory Committee of the Grand National Reunification Festival To Mark the 50th Anniversary of National Liberation gave a news briefing today.

The news briefing was attended by newspaper, news agency and radio reporters here.

Paek Nam-jun, director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland and vice-chairman of the North side Preparatory Committee of the Grand National Reunification Festival To Mark the 50th Anniversary of National Liberation, informed the newsmen of the preparations of the August 15 Grand National Reunification Festival made after May 25.

He said the North side Preparatory Committee has organised propaganda, lectures and seminars for political parties and groupings and all Koreans in the North, the South and overseas to have a good understanding of the importance and significance of the festival, and pushed ahead with exchanges of correspondence and materials among them. "Our political parties and organisations released statements and sent more than 170 letters to their counterparts and universities in South Korea", he said.

The North side Preparatory Committee held meetings ranging from the fifth one to the ninth, which discussed technical matters of the preparations of the festival, a step to arrange Panmunjom, the venue of the Grand National Reunification Festival, selection of delegates, and the holding of a prize contest concerning posters, songs, emblem and flag of the festival to be submitted to the joint national committee for deliberation, he said.

He said that with the South side and overseas preparatory committees of the August 15 function common to the nation formed, it is possible to organise a joint national preparatory committee involving people from the North, the South and overseas at an early date and vistas have been opened up for a successful holding of the Grand National Reunification Festival due to be held in Panmunjom. He added that the North side Preparatory Committee calls upon the South side and overseas preparatory committees to have contacts for the formation of the joint national preparatory committee as soon as possible.

Then he answered the questions put by reporters.

International Support for Reunification Cited

*SK0107152095 Pyongyang KCNA in English
1518 GMT 1 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — Voices supporting the Korean people's struggle for national reunification have come out in different countries in the month of international solidarity with the Korean people.

The Communist Party (Red Motherland) and twelve other political parties and organizations of Peru issued a joint statement on June 24 reaffirming their full support for the three principles — independence, peaceful reunification and great national unity — and the 10-Point Programme of the Great Unity of the Whole Nation which were laid down by the great leader Comrade President Kim Il-song.

Bitterly denouncing the anti-national, anti-human acts of the Kim Yong-sam clique of South Korea, the statement strongly urged an immediate abolition of the "National Security Law," a chief obstacle to Korean reunification, and the demolition of the concrete wall.

A meeting took place at the Unit 2721 of the Cuban Revolutionary Armed Forces on June 19 to mark the beginning of the June 25-July 27 month of international solidarity with the Korean people.

Luis Perez, vice-chairman of the Cuban Committee for Supporting Korean Reunification, told the meeting that the Korean people are a homogeneous nation with a long history and the same language and customs. He voiced full support and solidarity for the Korean people in their struggle for the country's reunification.

A meeting was held in Almaty, Kazakhstan, on June 23.

Omarov, director of Hospital No. 5 in Almaty, said in his report that President Kim Il-song put forward just proposals on several occasions to reunify the divided country. Korean reunification should be achieved in

a peaceful way in accordance with the proposal for founding the Democratic Confederal Republic of Koryo advanced by him.

A letter to the great leader Comrade Kim Chong-il was adopted at the meeting.

Widow of ROK's Reverend Mun Ik-hwan Visits

Tours Ssuk Islet Revolutionary Site

*SK0207081395 Pyongyang KCNA in English
0807 GMT 2 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — The widow of Rev. Mun Ik-hwan, presbyter Pak Yong-kil, who is chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the Council of the Family Movement for Realizing Democracy in South Korea, visited the Ssuk Islet revolutionary site on Saturday.

She is on a visit to Pyongyang to honour the memory of the great leader President Kim Il-song on the first anniversary of his death.

She was accompanied by Chong Kyong-mo, a Korean resident in Japan.

She saw the united front tower, the place of a consultative meeting and a ferry boat on the islet, being briefed on the revolutionary site as well as the North-South joint conference, which is recorded in the history of the Korean nation as a great meeting to unite patriots of different walks of life under the banner of territorial integrity and national reunification.

Voices Support for Reunification

*SK0407043595 Pyongyang KCNA in English
0427 GMT 4 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 4 (KCNA) — Widow of Rev. Mun Ik-hwan, presbyter Pak Yong-kil, chairperson of the 70 million Korean people's meeting for embracing national unification and co-chairperson of the Council of the Family Movement for Realising Democracy in South Korea, who came here to honor the memory of the great leader President Kim Il-song on the occasion of the first anniversary of his death, toured the Arch of Triumph and the Tower of the Chuche Idea on July 3.

She was accompanied by Chong Kyong-mo, a Korean resident in Japan.

She heard an explanation that the Tower of the Chuche Idea was beautifully built into a monumental edifice of history thanks to the far-reaching plan and energetic guidance of the great leader Comrade Kim Chong-il

and enjoyed a bird's-eye view of Pyongyang from the observation stand of the tower.

At the end of the visit, she made an entry in the visitors' book:

"Our white-clad nation loves peace. It is a homogeneous and independent nation.

July 3, 50 years of praying for reunification.

Pak Yong-kil of the 70 million Korean people's meeting for embracing national unification."

On July 2, she visited the Chilgol Revolutionary Site associated with the revolutionary exploits of President Kim Il-song and Kang Pan-sok, the mother of Korea, and the Chilgol Church for a service.

ROK Diplomat Seeks Asylum in New Zealand

SK0507043195 Pyongyang KCNA in English

0423 GMT 5 Jul 95

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Deputy Consul of South Korea to New Zealand Choe Sung-chin who was antagonistic with dastardly plots of the "civilian-veiled" Kim Yong- sam regime, on July 3 filed an application for refugee status in New Zealand [NZ], according to a foreign report.

It is told that he leaked confidential documents of the South Korean "Foreign Ministry" concerning the postponement of the "local autonomy elections" to the deputy president of the opposition Democratic Party.

His seeking refuge in NZ has become a political issue in South Korea.

Choe Sung-chin is now being sought by the South Korean secret police.

ROK Professor Speaks Highly of Kim Chong-il

SK0407152095 Pyongyang KCNA in English

1510 GMT 4 Jul 95

[FBIS Transcribed Text] Pyongyang, July 4 (KCNA) — Prof. Han Song-chin (assumed name) of Kyonghui University, in a lecture on the subject "Great Prophet and Peerless Statesman" at a seminar which was held to commemorate the fifth anniversary of the formation of a chuche idea study organisation in Seoul, spoke highly of the clairvoyance of the great leader Comrade Kim Chong-il, according to Seoul-based radio Voice of National Salvation.

He said:

Only the leader Kim Chong-il is a world-famous political leader who makes long-term proposals with an insight into the trend of world politics. His clairvoyant,

scientific insight into the collapse of socialism in East European countries renewed my conviction.

Aware that the East European countries stood at the dangerous crossroads of socialism or capitalism, the leader Kim Chong-il published "Let Us March Forward Dynamically Along the Road of Socialism and Communism Under the Unfurled Banner of the Anti-Imperialist Struggle," a famous work, on September 25, 1987, and thus gave the alarm for the changes in East European countries, a worldwide event, and provided a solid theory and a solution to such developments.

The leader Kim Chong-il foresaw from the correctest point of view that "reform" and "opening" in East Europe are leading to "pluralism", which may result in the revival of capitalism, and took steps to cope with it. Indeed, he is a great scientific prophet and peerless statesman.

To my surprise, it was during the 1960s that the leader Kim Chong-il was convinced of the possible collapse of socialism in East Europe. His prediction finds expression in his work "On Correctly Understanding Political and Moral Incentives and Material Stimulus" which was published on June 13, 1967.

In his works published in the wake of the incidents in East European countries, he explained the irrevocable process of historical development that the socialist cause, the cause of human independence, may suffer temporary twists and turns, its victorious advance cannot be blocked by any force.

In his famous work "Socialism Is a Science" published last year, he vividly proved his view with a new, scientific exposition of the theory of socialism.

The hard reality of today when the movement of rebuilding socialism is gaining a new momentum in the former Soviet Union and East European countries clearly confirms how correct is the scientific judgement of the leader Kim Chong-il who predicted that socialism will certainly be resurrected.

The outstanding diplomatic strategy and tactics of the leader Kim Chong-il, who looks farther than any other famous strategists and always defeats the enemy and emerges victorious, are unthinkable without his clever brain.

The process of the DPRK-U.S. nuclear negotiations eloquently showed that the leader Kim Chong-il is surely a genius of intelligence, the greatest strategist ever known in the world and a man of resources.

The 21st century will be a century of the great leader Kim Chong-il. To have a world-famous political leader

of the Korean nation and the 21st century is a great fortune of the fellow countrymen and the greatest pride of the nation.

NDFSK To Commemorate Kim Il-song Death

*SK0107102095 Pyongyang KCNA in English
1016 GMT 1 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — An information of the Presidium of the Central Committee of the National Democratic Front of South Korea (NDFSK) was published with the approach of the first death anniversary of the great leader President Kim Il-song. Seoul-based radio Voice of National Salvation reported.

According to the information, the Presidium of the NDFSK Central Committee met in Seoul on June 27 upon the lapse of one year since Comrade Kim Il-song passed away.

It was said at the meeting that the past one year since respected Comrade Kim Il-song passed away suddenly, while working all day and night with his whole life devoted to the freedom and liberation of the people and the prosperity of the nation, was days when the vanguards of the NDFSK and people from all walks of life have deeply revered and sorely missed him, well aware of his greatness.

It was also stressed that though the fatherly leader Comrade Kim Il-song, who had inspired the South Korean people and vanguards with a worthy life, confidence in certain victory and indomitable spirit and encouraged their anti-U.S., anti-fascist national salvation struggle to victory and glory, passed away, he will be with them forever.

Discussed and decided at the meeting were measures reflecting the desire of all the NDFSK vanguards and patriotic people of various social strata in South Korea to honor his memory on the first anniversary of his death.

The NDFSK Central Committee decided to send a letter to Comrade Kim Chong-il, the bright sun of the nation, and commissioned the Pyongyang mission of the NDFSK to place a floral basket before the statue of the fatherly leader on Mansu Hill in Pyongyang in the name of the Central Committee on the occasion of the first anniversary of his death.

Memorial services will be held solemnly on the occasion from July 1 to 10 by the NDFSK Central Committee, its organizations at all levels and organizations of patriotic people of various social strata.

The organizations at all levels will organize meetings and lectures on the greatness of the fatherly leader and his glorious and brilliant history of revolutionary activities and invigorate the information activities in diverse ways.

Official Discusses Rice Aid Deal With Japan

*OW0507003195 Tokyo MAINICHI SHIMBUN
in Japanese 1 Jul 95 Morning Edition p 3*

[Interview with Yi Chong-hyok, vice chairman of the DPRK's Asian-Pacific Peace Committee, by unidentified MAINICHI SHIMBUN reporter in Tokyo on 30 June]

[FBIS Translated Text] The following is an interview with Yi Chong-hyok, vice chairman of the Asian-Pacific Peace Committee in North Korea.

[MAINICHI] What has prompted North Korea to negotiate with Japan over rice aid?

[Yi] A delegation of three ruling coalition parties visited our country in March to pave the way for the resumption of stalled DPRK-Japan normalization talks. During their stay in Pyongyang, members of the delegation expressed willingness to supply us with Japanese rice, saying: "Japan will be able to supply surplus rice to North Korea."

We said we were willing to accept the rice from Japan, and Yi Song-rok, chairman of the Korea International Trade Promotion Committee, asked for Japanese rice aid when he visited Japan in late May. We are currently on a visit to Japan to settle the details of the rice aid agreement.

[MAINICHI] It was reported that Kosuke Hori, acting chairman of the Policy Research Council of the ruling coalition's Liberal Democratic Party, met North Korean officials in Singapore to discuss Japan's rice aid prior to the visit to Pyongyang by the ruling coalition delegation.

[Yi] Yes, it was reported. But Hori, himself, has not confirmed the meeting.

[MAINICHI] Why does North Korea need rice from Japan? What about the domestic situation in North Korea?

[Yi] People who eat rice, need rice. I believe dealing and trading in rice between nations are possible. People need rice not only for their own consumption, but for industries such as livestock. In the past we exported and imported rice.

[MAINICHI] The negotiations this time went through a difficult period. What was the cause? How do you assess the agreement?

[Yi] Looking at the negotiations overall, I believe both sides are satisfied with the results. We had full discussions with members of the delegation of the three ruling coalition parties in Pyongyang, which I had originally planned to hold over just two or three days.

At first the delegation said Japan would lend its surplus rice to our nation. During the negotiations, however, it was discovered that, for legal reasons, Japan would find it difficult to lend surplus rice.

Later, agreement was reached between us that Japan would supply the rice, with payment deferred for 30 years.

Later still, South Korea offered us rice free of charge and in response, Japan, too, offered us rice free of charge.

But as the negotiations continued it became clear that it would take a long time for free rice to reach us through international organizations and the Japan Red Cross Society. As a result of this development, a deal was struck under which Japan would supply the rice under the earlier proposed 30-year deferred payment plan.

However, the Japanese side later offered to supply half the rice under a deferred payment plan and the other half free. We accepted this offer because the Japanese wanted us to and out of consideration for their image.

[MAINICHI] What effect will the agreement have on the resumption of the stalled normalization talks?

[Yi] I believe the agreement will not have a negative impact on resuming the talks. Although we do not have diplomatic relations with each other, contact was made at a level of authorities and agreement was reached. I believe that this will have a beneficial effect on future relations between North Korea and Japan.

[MAINICHI] What do you think are the prospects for resuming the stalled Japan-North Korea normalization talks?

[Yi] The prospects for resuming the stalled normalization talks, and their timing, are a matter for our diplomatic authorities and I am not in a position to comment. Both North Korea and Japan have yet to establish diplomatic relations 50 years after the end of World War II. This state is abnormal. I believe the two countries should establish diplomatic relations as soon as possible. Our nation has established diplomatic relations with other nations while defending our independence. North Korea-Japan relations fall behind our relations with other nations.

Japan's Proposed 'Friendship Fund' Rejected

*SK0107104795 Pyongyang KCNA in English
1038 GMT 1 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 1 (KCNA) — Yi Song-ho, chairman of the Measure Committee for Japan's Compensation to the "Comfort Women for the Army" and Victims of the Pacific War, in a statement dated June 30 has said no to the "programme" for setting up "Asia Peace and Friendship Fund for Women" published by the Japanese Government on June 14.

He went on to say:

The Japanese Government's recent programme for setting up "Asia Peace and Friendship Fund for Women" is a crafty and foolish trick designed to evade the responsibility of the state for the "comfort women" issue and other crimes of the past, alleviate the ever-mounting complaints against the crimes committed by Japan in the past with a few pennies collected from civilians and gloss over the 50th anniversary of its defeat in the war; it cannot work any longer in the world today.

The Japanese Government should not flee from the responsibility, but admit that it committed "anti-humanitarian crimes" in view of international law, make an official apology for them, make public the truth behind them, punish those responsible and make an adequate state compensation so that the victims may understand.

The world people, to say nothing of the Korean people who have yet to settle account with the Japanese Government as regards its past crimes, are closely following what kind of step that deserves confidence the Japanese Government is going to take on the occasion of the 50th anniversary of its defeat in the war.

If Japan is truly willing to break with its crime-woven past and make a new start, it should show its willingness to the world people by atoning for its past in an all-round way.

Chongnyon Groups Arrive in Wonsan for Visit

*SK0507040895 Pyongyang KCNA in English
0401 GMT 5 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — A home-visiting group of students of Korean university under the General Association of Korean Residents in Japan (Chongnyon), other home-visiting groups of Korean students in Japan and the 239th short-term home-visiting group of Korean residents in Japan arrived in Wonsan on July 4 by the ship "Mangyongbong-92" for a visit to the socialist homeland.

Chongnyon Publishes Book on Kim Chong-il

*SK0307105395 Pyongyang KCNA in English
1012 GMT 3 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — A book "Under the Rays of Lodestar" (1), a collection of stories about benevolent loving care shown by the great leader Comrade Kim Chong-il for the officials of the General Association of Korean Residents in Japan (Chongnyon) and Koreans in Japan, was published by Chongnyon some time ago.

Published on the occasion of the 40th anniversary of the formation of Chongnyon, the book contains unforgettable reminiscences of Chairman of the Central Standing Committee of Chongnyon Han Tok-su, First Vice-chairman of Chongnyon Yi Pin-kyu and other officials of headquarters and branches of Chongnyon, Korean women, traders and industrialists, artists, educators and youths and other Koreans in Japan about the great favour shown by respected Comrade Kim Chong-il.

Also carried in the book are stories about the deep love and trust of Comrade Kim Chong-il, who took meticulous care of the health of Chongnyon officials so that they could give full play to their loyalty and patriotism forever and brightly indicated the road of Chongnyon and wisely led it.

Newspaper Group Returns From China

*SK0307015495 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 29 Jun 95*

[FBIS Translated Text] The NODONG SINMUN delegation led by Choe Chil-nam, a deputy editor in chief, which visited China, returned home on 29 June by train.

(Choe Yang-ho), a NODONG SINMUN deputy editor in chief, and a councillor of the PRC Embassy in the DPRK welcomed the delegation at Pyongyang Station.

Friendship Gathering Held With PRC Delegation

*SK0207081695 Pyongyang KCNA in English
0809 GMT 2 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — A friendship gathering with the delegation of the Jilin provincial branch of the China-Korea Friendship Association led by Ren Junjue [spelling of name as received], vice-chairman of the Standing Committee of the Jilin Provincial People's Congress of China, took place at the Changdok School on Saturday [1 July].

The great leader President Kim Il-song studied at the school between 1923 and 1925.

The Chinese visitors placed flowers before a statue of President Kim Il-song at the school and paid homage to him.

They inspected circle rooms of the school.

The participants in the gathering saw an art performance of school children and had a talk, deepening friendly feelings.

Chinese Seamen Honor Memory of Kim Il-song

*SK0307151895 Pyongyang KCNA in English
1511 GMT 3 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — A memorial service of foreign seamen was held in Wonsan Port on July 1 on the occasion of the first anniversary of the death of the great leader President Kim Il-song.

Attending there were crewmen of the Chinese-flagged ship "Sandou 88" and the Hong Kong ship "Gouwhite".

The participants observed a moment's silence in memory of President Kim Il-song.

Addressing the memorial service, the master of "Gouwhite" said the death of respected President Kim Il-song, the great leader, is a big loss not only for the Korean people but for the world's progressive people.

President Kim Il-song waged an anti-Japanese armed struggle in his early years to defeat Japanese imperialism and put forward original lines for building a rich and strong, socialist Korea after the liberation, he noted, adding:

President Kim Il-song, who led to victory the war ignited by U.S. imperialism, developed Korea into a prosperous country.

Today the Korean people are making great achievements in socialist construction, closely united around the great leader Comrade Kim Chong-il, true to the bests of President Kim Il-song.

The master wished the Korean people greater success in the accomplishment of their cause.

A letter to Comrade Kim Chong-il was adopted at the memorial service.

Russian Embassy Party Marks Friendship Treaty

*SK0507042995 Pyongyang KCNA in English
0417 GMT 5 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Pavel Yakovlev, charge d'affaires ad interim of the Russian Embassy in Pyongyang, hosted a party on July 4 on the occasion of the 34th anniversary of the signing

of the Korea-Russia Treaty of Friendship, Cooperation and Mutual Assistance.

Invited there were Vice-Minister of Foreign Affairs Yi In-kyu, Lieutenant General of the Korean People's Army Pak Sung-won, Vice-Chairman of the Committee for Cultural Relations With Foreign Countries Kim Yong-su, Vice-Chairman of the Radio and TV Broadcasting Committee of the DPRK Yi Pong-hui who is concurrently chairman of the Korea-Russia Friendship Society and officials concerned.

Prior to the party, the participants observed a moment's silence in memory of the great leader President Kim Il-song.

Speeches were made at the party.

'Unswerving' Loyalty to Kim Chong-il Cited

952C0114A Pyongyang MINJU CHOSON in Korean
2 Feb 95 p 2

[Article by Choe Chong-hon: "To Highly Exalt the Great Helmsman and Complete the Socialist Cause to the End Is the Firm Will of Our People"]

[FBIS Translated Text] Our revolutionary cause charted by the respected and beloved leader Comrade Kim Il-song has come far, overcoming multilayered barriers and trials on its way, and today, on a high new plane it has reached, it continues its triumphant march with added momentum and greater vitality. The world's progressive peoples are simply amazed at the indomitable spirit of our people — who, turning their deep grief at the loss of the nation's Great Father into new strength and courage, have risen like a mountain and are staunchly fighting on along the one road of chuche — and at the invincible attraction of our way of socialism growing and prospering daily. Our people, united in one mind, are making the might of the socialist fatherland, shining with the revered name of the Fatherly Leader, felt the world over. This is all thanks to the fact that we have a great helmsman leading us at the head of our revolution.

It is the firm, unswerving will of our people today that they will uphold the great helmsman Comrade Kim Chong-il high at the head of the socialist cause and complete the chuche revolutionary cause to the end, as described by the Respected and Beloved Leader in the teachings he left behind.

The great helmsman Comrade Kim Chong-il has pointed out the following:

"Our people have an immutable faith in the correctness and the future of the socialist cause that they chose and developed for themselves, and they are

filled with a revolutionary resolve to go forward on the socialist road under the leadership of the party, through to the end."

To have a great helmsman high at the top of the revolution is an important matter connected with the destiny of the country and the nation, and the destiny of socialism.

The socialist-communist cause is charted and promoted by a leader, and it is completed by a great helmsman infinitely faithful to the leader. Therefore, the destiny of the socialist-communist cause totally depends on how the people guarantee the leadership for it. That leadership materializes in a brilliant fashion when the succession issue is resolved correctly and the people thus come to have at the head of their revolution a great helmsman able to carry on the leader's position and role.

Standing at the head of our revolution today is the great helmsman Comrade Kim Chong-il, the greatest of all the great, inheriting all the talents of the Respected and Beloved Leader, and fully endowed with the character and gifts expected of a political leader, all at the highest possible levels.

Infinite is the pride and confidence of our people having the great helmsman Comrade Kim Chong-il leading them at the head of the socialist cause. The future of our fatherland is ever brighter. Our people are filled to overflowing with a rock-firm resolve to devote everything in their power to attaining the chuche revolutionary cause with the absolute belief that the great helmsman Comrade Kim Chong-il is the very life of the party, the guardian of the destiny of the fatherland and the nation, and the symbol of all revolutionary triumphs.

Most important for the masses of people is to have a firm, unswerving will for the helmsman of the revolution standing at the head of the socialist cause. Success of the socialist cause depends on the faith and will of the people upholding the helmsman. Revolution is led by the helmsman and attained by the people. It is a matter of course for the people — who have been brought up as revolutionaries and who enjoy a true life and happiness in the bosom of the helmsman — to devote all their loyalty to the helmsman leading the socialist cause. If the revolutionaries are to honor their pledge to the helmsman carrying forward the revolutionary cause generation after generation, and if they are to remain loyal to the end to add luster to their lives and honor as revolutionaries, their faith must be immutable and their will unyielding. The revolutionary will is the life and soul of a revolutionary. Unless he is firm in his faith and will, he can vacillate in the face of severe ordeals and

can even fall to the abyss of betrayal. Only when he has a firm, unswerving will can he hold to his revolutionary principle and integrity, retain the same self in ordeals as well as in glory, and follow determinedly the one road of revolution charted by the leader, without losing his faith even when all his bones are pulverized, like the white gem that keeps shining even when shattered; without abandoning his belief even if he dies in prison, like the pine tree that keeps its green even under the snow, and like the bamboo that stays straight even when burned. This immutable faith and will must be retained through the entire course of the revolution. Only by doing so will it be possible to push ahead with the revolution, positively and even more adamantly and without the slightest hesitation or vacillation, whatever harsh ordeals or vicious challenges by class enemies the revolution might encounter.

Our people today are filled to overflowing with the firm will to uphold the great helmsman Comrade Kim Chong-il high at the head of the revolution, rally closely around him in one and the same mind, and complete the chuche revolutionary cause to the end. This immutable will of our people is based on their absolute adoration for their helmsman of the revolution, and on the conviction that as long as they have their great helmsman with them, they can work out their destiny and their future successfully and attain the chuche revolutionary cause.

The will of our people to uphold their great helmsman and complete the socialist cause to the end is based, first of all, on their absolute confidence in his greatness.

The revolutionary will of a people to absolutely trust and uphold their helmsman and complete their socialist cause to the end is not formed or displayed by an impulse of the moment. Such an eternally immutable will takes root in their minds when they feel keenly, through life's realities, the greatness of the helmsman leading brilliantly the revolutionary cause charted by the leader. In the course of a hard struggle to work out their destiny, the people are captivated by the great personality of the helmsman inheriting, and carrying forward toward completion, the revolutionary cause charted by the leader. Thus, they come to have ardent love, respect, and trust for the helmsman, developing a firm will to have him high at the head of the revolution and follow him to the end.

The socialist cause is led — and its success is guaranteed — by the eminent personality and qualifications of the leader who charted it, and his successor. The personality and qualifications of the helmsman who inherits and carries forward the revolutionary cause of the leader reaches the highest plane when they embody the

leader's ideological theories, leadership and lofty virtues intact. Only the helmsman possessing such personality and qualifications can advance the revolutionary cause steadily and successfully.

Most important in the personality of the helmsman leading the revolutionary cause is his loyalty to that cause charted by the leader. The loyalty to the revolutionary cause of the leader is the very touchstone that separates the true helmsman from betrayers. Only the helmsman who upholds the ideology and teachings of the leader not only when the leader was alive but also after he died, who is resolved and prepared to carry them through to the end, and who leads the people unerringly along the one way of struggle to attain the cause of the leader, can be the successor truly loyal to the leader. And even more immutable will becomes the faith and will of the masses of people under such a helmsman.

The great helmsman Comrade Kim Chong-il, regarding his loyalty to the Respected and Beloved Leader as his life and soul, is devoting everything in his power to realizing the Leader's thoughts and intents. The great helmsman Comrade Kim Chong-il has made it his top priority to make the Leader happy by resolving matters which the Respected and Beloved Leader either sought to resolve or was concerned about, ensuring that everything else is subordinated to it. It is the fruition of the energetic leadership of the great Comrade Kim Chong-il — who has his loyalty to the Respected and Beloved Leader at the highest possible plane — that our country today shines the world over ever more brightly as a socialist power of political independence, economic self-support, and self-defense, that all our people are enjoying a self-dependent and creative life to their hearts' content in a big socialist family, and that our fatherland is being turned into an ever greater people's paradise.

The great helmsman Comrade Kim Chong-il has taken all our people into his arms and is leading them energetically and devotedly in a struggle to attain the chuche revolutionary cause charted by the Leader, despite the pains of loss he was put to when the Respected and Beloved Leader died. Our people indeed came through their heart-wrenching pains and sorrow but his must have been incomparably deeper. Raising the immortal slogans "The Great Leader Comrade Kim Il-song Is with Us Forever!" and "Let Us Arm Ourselves Even More Firmly with the Revolutionary Ideology of the Great Leader Comrade Kim Il-song!" before the entire nation, the great helmsman Comrade Kim Chong-il has stood in the van, leading them to ensure that they bear those slogans in their hearts and work to add luster to the ideology and achievements of the Respected and Beloved Leader, and that they thoroughly

carry through the teachings he left, in a manner worthy of the warriors and disciples of the Leader that they are. Thus, the high intents and great plans that the Respected and Beloved Leader had before his death are coming to fruition everywhere in our country, and our revolution is moving forward more and more vigorously. Through their first-hand experience, our people have been completely captivated by the great helmsman Comrade Kim Chong-il, who has inherited and is advancing brilliantly the revolutionary cause of the Respected and Beloved Leader, by the greatness of his ideology and leadership and his personality. And they have risen vigorously to fulfill the socialist cause with the firm will that as long as the great Comrade Kim Chong-il, who is the living image of the Leader, is with them, they have no fear of any difficulties or formidable enemies whatsoever, that anything is possible, be it socialist construction or the unification of the fatherland, and that they will complete the chuche revolutionary cause to the end.

Another aspect of our people's will to uphold the great helmsman and complete the socialist cause to the end is that it has been consolidated through the historical course of our building of socialism.

A helmsman obtains the absolute trust and respect of his people through the process of leading to victory the struggle for the realization of the independent stand and attitude of the masses. The greater his achievements for the sake of the age and the revolution, the greater the trust and respect he gets from the people, and the more indomitable the faith of the people in him and their will to uphold him.

The great helmsman Comrade Kim Chong-il, on his noble mission to carry forward and complete the chuche revolutionary cause charted by the Respected and Beloved Leader, has made immortal showings for the age and the revolution that will shine forever with his extraordinary ideological-theoretical activities and awesome revolutionary practices.

The great helmsman Comrade Kim Chong-il has systematized monolithically the immortal chuche ideology founded by the Respected and Beloved Leader, deepening and developing it all-around and thus adding luster to it as the leading ideology in the age of self-dependence. By doing so, he has fully answered all theoretical and practical questions arising in advancing socialist-communist construction successfully.

In the course of their struggle to date for advancing our revolution on the one straight road of victory under the leadership of the great helmsman Comrade Kim Chong-il, our people have carved on their hearts the invincible faith and will that the ideology of Comrade Kim Chong-

il is above all, and that they are bound to win without the slightest turns or twists if only they do as he wants them to do.

Seeing it as a fundamental matter linked to the future of the socialist cause to strengthen the chuche of the revolution, the great helmsman Comrade Kim Chong-il has turned the whole society into a single socio-political life in which the leader, the party, and the masses are banded together in wholehearted unity. And by the power of that chuche, he has achieved awesome, historic changes in all fields of the revolution and construction. Viewing the party leadership as the lifeline in the fulfillment of the socialist cause, he developed and completed a new chuche-based theory of party-building and, through its brilliant application, strengthened and developed our party into an invincible force with chuche-based unity and solidarity, and into a tested political organization with combat power. Also, with a scientific insight into the role of the revolutionary armed forces in socialist construction, he brilliantly carried out chuche-oriented military buildup policy to build our revolutionary armed forces into an invincible armed might, creating the firm guarantee that we will defend and complete the chuche revolutionary cause even amid the anti-socialist maneuvers of imperialists and reactionaries.

Unrolling the grand prospects of socialist construction, and organizing and mobilizing the whole party, the whole people, and the whole military forcefully into their materialization through his bold operations and his extraordinary ability for revolutionary deployment, the great helmsman Comrade Kim Chong-il has ensured that innovations amazing the world continue to take place uninterruptedly in socialist construction.

Our people, with the great helmsman Comrade Kim Chong-il high at the head of the socialist cause, have proudly followed the path of victory and glory, fighting through multilayered difficulties and ordeals, and in this course they have keenly realized the greatness of what the great Comrade Kim Chong-il has accomplished in advancing the socialist cause. Thus, they have come to have even a stronger faith and will that the victory of the socialist cause is a cinch as long as it is led by Comrade Kim Chong-il.

Today, the unwavering will of our people to complete the socialist cause to the end upholding the great helmsman Comrade Kim Chong-il single-heartedly is being manifested at its loftiest height. Singing aloud the songs of faith "If We Don't Have You, We Don't Have Our Fatherland" and "If Only You Are with Us, We Win," all our people today follow the great helmsman Comrade Kim Chong-il, trusting him as their

father and spiritual support. The people are filled with a revolutionary resolve to uphold Comrade Kim Chong-il high in one and the same mind, and to lay down their lives if necessary to defend him. All the people, ranging from the veteran warriors of the anti-Japanese campaign to the growing new generations, are rallying closely around the great helmsman Comrade Kim Chong-il in one mind, breathing and moving in accordance with his ideology and intents. The people are readily devoting their lives to the rewarding struggle for carrying through the great plans of Comrade Kim Chong-il. This proves how tough and unswerving our people's will is to uphold the great helmsman and complete the socialist cause to the end.

No force in the world can break the immutable will of our people to uphold the great helmsman Comrade Kim Chong-il high at the head of the socialist cause and complete the chuche revolutionary cause to the end.

All functionaries, working people, and personnel of the People's Army will uphold the great helmsman Comrade Kim Chong-il high at the head of the party, the state, and the military, and support his leadership wholeheartedly with loyalty and filial piety, and by doing so will bring to completion the chuche revolutionary cause charted by the Respected and Beloved Leader.

Kim Chong-il Work on Chuche Ideology Praised

*952C0135A Pyongyang NODONG SINMUN
in Korean 31 Mar 95 p 2*

[Article by Sin Ung-chol: "The Programmatic Writing That Has Made the Chuche Ideology Shine as the Guiding Ideology of Our Time"]

[FBIS Translated Text] The immortal chuche ideology founded by the great leader is shining today as the guiding ideology of our time. To believe in and follow the chuche ideology has become an irreversible fundamental trend of our time.

The more the invincible tractive force and vitality of the chuche ideology is brought into play, the more we mull over the energetic ideological and theoretical activities of the great helmsman Comrade Kim Chong-il, who has exerted every effort to make the chuche ideology shine as the guiding ideology of our time.

Among the ideological and theoretical works of the great helmsman Comrade Kim Chong-il, the class masterpiece, "On the Chuche Ideology," published on 31 March 1982 is of immense significance. This work is an immortal classic masterpiece that scientifically proved the greatness of the immortal chuche ideology founded by the great leader Comrade Kim Il-song, by using profound iron-clad logic, and systematized, deepened,

and developed the chuche ideology in a comprehensive way.

The important idea that runs through this masterpiece is that the chuche ideology, based on the anthropocentric philosophical view of the world, is the great guiding ideology of our time, the age of self-reliance, and that when we move forward under the banner of the chuche ideology, we will be able to emerge victorious in the revolution and construction and completely realize the independent stand of the mass of people.

"On the Chuche Ideology" is an immortal library of the chuche ideology. Comprehensively integrated and systematized in the work are the whole breadth of the principles and theories of the chuche ideology, ranging from the background against which the great leader Comrade Kim Il-song founded it by reflecting the desires of the masses and the demands of the times to its philosophical, social, and historical principles, its leading theories, and its historical significance. For this reason, the writing has become a classic masterpiece that has developed anew and enriched the chuche ideology while resolutely defending and championing it.

Synthesized in this work are the great helmsman Comrade Kim Chong-il's infinite loyalty to the great leader Comrade Kim Il-song, as well as his brilliant wisdom and his ideological and theoretical activities.

Reading the thesis "On the Chuche Ideology" while alive, the great leader Comrade Kim Il-song said that it struck him that he had found a well-qualified heir, and that he was very much impressed by the great helmsman Comrade Kim Chong-il's infinite loyalty to him, his profound philosophical knowledge and the level of his theoretical erudition. Currently, our people are mulling over the precious teachings of the great leader deep in their hearts and looking back with deep emotion upon the great changes that have taken place in the revolution and construction and in the ideological and spiritual aspects of their lives since the masterpiece "On the Chuche Ideology" was published.

Thanks to its veracity and validity, the ideological theory expounded in this classic masterpiece has been brilliantly applied to the practice of our revolution, demonstrating its invincible vitality to the fullest.

The great significance of the work lies above all in that by generalizing and systematizing the philosophical principle of the chuche ideology, it has placed a powerful ideological and theoretical weapon in the hands of the masses, enabling them to explore their own destiny on the basis of the most scientific and revolutionary view of the world.

The great helmsman Comrade Kim Chong-il pointed out as follows: "The chuche ideology is a new man-centered philosophical idea." As taught by the leader, the chuche ideology is based on the philosophical principle that human beings are the masters of all things and decide everything.

The fundamental function of a philosophical view of the world is to illuminate the way to explore the destiny of mankind. The basic objective of all perceptive as well as practical activities of human beings is the exploration of the destiny of mankind. People want to know what the world is made up of and how it changes and develops. But searching for this knowledge is not an end in itself. Its objective is, in the final analysis, to find out ways to explore the destiny of mankind. The chuche ideology is a new and unique ideology that illuminates the road to the exploration of mankind's destiny in the most scientific manner.

In his masterpiece, the great helmsman Comrade Kim Chong-il explained that the philosophical principle of the chuche ideology which defines the place and role of man as the master of the world is based on a new interpretation of man, and provided a perfect philosophical elucidation of the intrinsic attributes of man, such as humankind's independent spirit, creativity, and goal-consciousness. The writing comprehensively spells out the outlook on the world that the world is controlled by human beings, as well as the point of view and stand that places human beings at the center of the world. The basic characteristic and preeminence of the chuche-based philosophical view of the world lies in the fact that the chuche ideology scientifically elucidates the basic method for exploring the destiny of mankind on the basis of the philosophical principle that defines the place and role of human beings in the world.

The conventional view of the world presents the materialistic view that the world consists of materials, as well as the dialectical view that the world constantly changes and develops. However, the place and role of man in the world cannot be fully explicated by these philosophical views alone.

The place and role of man in the world can be clarified only on the basis of a philosophical elucidation of the general characteristics of the material world and the inherent characteristics of man. Therefore the anthropocentric philosophical view of the world contains the principle clarifying the place and role of man in the world, as well as the principles defining the general characteristics of the material world and the intrinsic characteristics of man. That is why the chuche view of the world is the philosophical view of the world that provides the most profound and comprehensive eluci-

dation of the questions regarding the essential nature of the world and the destiny of mankind by overcoming the one-sided view of the conventional philosophical view of the world.

With the elucidation of the chuche-based philosophical view of the world, the masses of people have come to possess the most powerful weapon capable of carving out their destiny by their own efforts. Today the chuche-based philosophical view of the world firmly guarantees the masses' self-dependent and creative cogitation and practical activities in remolding the world and exploring their own destiny.

The great significance of the classic work also lies in the fact that it clarifies the inevitability of historical development and social revolution with the masses at the center, and thus provides the guiding principle that makes it possible to triumphantly advance the revolution and construction by relying on the masses of people.

To clarify the inevitability of historical development and social revolution with the working masses at the center is a requirement of the revolutionary movement in our time. In our time the working masses have emerged as the masters of the world, and the revolutionary struggle is proceeding widely and in depth by relying on their independent ideological consciousness and creative efforts. Under these circumstances, only by evolving theories on the development of history and social revolution centering on the working masses is it possible to accurately elucidate the principles and inevitability of social and revolutionary movements.

In his masterpiece the great helmsman Comrade Kim Chong-il elucidated for the first time that social-historical movements, unlike natural movements, have a subject, and that the inevitable process of historical development is the process of elevating the place and role of the masses as the subject of history. Based on the principle that the masses are the subject of history, the classical work elucidates the intrinsic nature, characteristic, and driving force of social-historical movements by clarifying that the social-historical movement is an autonomous and creative movement of the masses and that their independent ideological consciousness plays a decisive role in the revolutionary movement.

The social-historical principle of chuche elucidated by the great helmsman Comrade Kim Chong-il has been brilliantly applied to the practice of our revolution, demonstrating its invincible tractive force and vitality.

Under the sagacious leadership of the great helmsman Comrade Kim Chong-il, a strong subject of the revolution with the party and the leader at the center has been

securely in place in our country, and we have been able to vigorously accelerate the revolution and construction by dint of the power of chuche. The subject of socialism united in one mind is becoming a powerful weapon capable of protecting, defending, and glorifying the cause of socialism by crushing all challenges posed by the imperialists and reactionaries.

Under the leadership of our party, which is pushing forward socialist construction by strengthening the subject of the revolution and enhancing its role, the might of our own form of socialism has been strengthened in every possible manner, and fresh progress is being made in the struggle to fulfill the chuche cause of revolution. Current reality clearly attests to the validity of the social-historical principle illuminated by the chuche ideology.

The significance of the classical masterpiece also lies in the fact that by clarifying the guiding principle of the chuche ideology, it can become a militant banner vigorously encouraging and inspiring the masses to establish chuche in every aspect of the revolution and construction and build socialism in our own way.

The leading principle of the chuche ideology is the guiding principle of the revolution that defines the basic precept for setting the masses in motion to carry out the revolution and construction successfully.

In his masterpiece the great helmsman Comrade Kim Chong-il presented the principles of maintaining a self-dependent position, of applying creative methods, and of going forward with a firm grip on ideology as a basic requirement, and comprehensively elucidated the essential characteristics of the ideology contained in each principle and the necessity and method for maintaining these characteristics.

The guiding principle of the chuche ideology espoused in the masterpiece illuminates the most correct way to lead the revolution and construction to a victorious end by making the most of the inexhaustible energies and creative wisdom of the masses. Our party has been able to establish chuche firmly in all areas — political, economic, cultural, and military — by pushing forward the revolution and construction with a firm grip on the guiding principle of the chuche ideology. The awareness of being the masters of the revolution has increased among party members and workers, and the spirit of the supremacy of the Korean race has come to firmly dominate the whole society. We have attained a powerful self-reliant national economy and a brilliant victory in building a socialist national culture, and have built up a powerful defensive capability strong enough to beat back any awesome imperialist enemy. All these represent the shining successes our people have made

in all aspects of the revolution and construction under party leadership.

The writing, "On the Chuche Ideology," is an immortal classic masterpiece, a monumental work of our time, which bears witness to the greatness of the great helmsman Comrade Kim Chong-il as a great ideological theoretician.

The leader who leads the country and steers the revolution needs to have his own philosophy and his own political ideology. The leader can practice politics successfully only when he becomes a great philosopher having his own philosophy.

The great helmsman Comrade Kim Chong-il is a peerless great man who leads the revolution and construction with the greatest philosophy.

Deeply cherishing their infinite honor and pride in making revolution by holding the respected and beloved Comrade Kim Chong-il — a great philosopher and great ideological theoretician — in high esteem, all party members and workers must study the masterpiece, "On the Chuche Ideology," in greater depth to arm themselves in an airtight manner with the erudite thought and theory contained in it, and on this basis fight on doggedly under the revolutionary banner of the chuche ideology in order to make their own country, their fatherland, more affluent, more powerful, and more advanced.

Kim Chong-il Reveres University Intellectuals

*952C0117A Pyongyang NODONG SINMUN
in Korean 5 Feb 95 p 2*

[By reporter Kim Chong-ung: "The Great Teacher and Old Professors"]

[FBIS Translated Excerpts] Early in January this year the great helmsman Comrade Kim Chong-il extended his profound trust and solicitude to a professor of Kim Il-song University.

The hearts of all faculty members and students beat high with deep emotions and infinite exultation.

They heard that the great helmsman Comrade Kim Chong-il, availing himself of an opportunity to send a gift to an economics professor, said some moving words reminiscing about Kim Il-song U. and its faculty.

The great leader Comrade Kim Il-song taught as follows:

"Comrade Kim Chong-il, embracing in his arms the people of all strata, including workers, farmers, and intellectuals, looks after them and puts them in the

fore as masters of our society, leading them to acquit themselves of their role as masters."

The respected and beloved Comrade Kim Chong-il is not only a great helmsman but a great person and a great teacher as well.

Speaking of the first days of this year, those were the days when the great helmsman Comrade Kim Chong-il had a heavy schedule and time was most precious for him.

On 4 January, despite his busy schedule, the great helmsman Comrade Kim Chong-il sat with a responsible functionary of the party Central Committee for a talk, reminiscing of Kim Il-song U. and intellectuals there.

On that very significant occasion, the great helmsman Comrade Kim Chong-il said that Kim Il-song U. is the university he attended and it is an institution of a long history.

Kim Il-song U., the supreme sanctuary of science!

When we think of it, we all come to the solemn image of the Fatherly Leader engraved on our hearts, who spared no pains to found and develop the university, and that of the great helmsman Comrade Kim Chong-il, who left the glorious mark of his revolutionary activity there. [passage omitted]

Founded in person by the Great Leader, Kim Il-song U. is indeed a university of chuche carrying the revered name of the Leader, and teaching the Leader's revolutionary ideology.

The great helmsman Comrade Kim Chong-il, looking back with deep emotion upon his old days at the sanctuary of chuche education, said to the functionary that those who attend Kim Il-song U. should take great pride in it.

The pride of having attended Kim Il-song U.!

When we think of it, we come to the affectionate image of the great helmsman Comrade Kim Chong-il, who, carrying the long future of the fatherland on his shoulders, left his immortal footprints at the university.

The great helmsman Comrade Kim Chong-il early on said that there is an excellent university in our country, and declared resolutely that as for him, he would study at Kim Il-song U. Standing atop Yongnamsan, he vowed solemnly to learn of the high intents of the Great Leader and become a master responsible for the Korean revolution!

It is the campus of fond memory where he, the respected and beloved, with Korea's future on his shoulders, launched his energetic ideological-theoretical activities with his extraordinary wisdom and inquiring

mind. There he kindled a revolution of study among young students, preparing them as the nation's capable cadres through revolutionary organizational life and practical activities. There were days when he, in his working clothes, carried a straw basket moving earth at a construction site in the capital city or personally operated a lathe in a factory. At another time he gave graduating students, who were on the starting line to new life in society, a precious and benevolent guideline of life and struggle that was for them memorable for life. These things and others...

Precisely for this history of revolutionary activities of the great helmsman Comrade Kim Chong-il there, and for the achievements of his immortal leadership vividly remembered or engraved there, Kim Il-song U. is today a glorious university and the highest sanctuary of science.

On that day the great helmsman Comrade Kim Chong-il, in deep emotion, and apparently recalling his experiences of those days, said to the functionary that graduates of Kim Il-song U. are currently playing a major role in every sector. [passage omitted]

The great helmsman Comrade Kim Chong-il said to him that there are many able instructors at the university, citing names of some individual professors.

Those able instructors the great leader Comrade Kim Chong-il came across at the university while he was there imprinting his footprints with his revolutionary activity ...

Those old professors faithful to the end to science and truth, with the firm faith engraved deep on their hearts that they are warriors of the Leader, warriors of the party, before being educators ...

Speaking of them, they are intellectuals who have long been enjoying a true life in the warm bosom of the great helmsman Comrade Kim Chong-il and under his benevolent, guiding hand.

(Although the respected and beloved Comrade Kim Chong-il graciously calls us able instructors, the fact is that it is he who is a great teacher for us all!)

This was a rock-firm faith planted in the hearts of the renowned instructors of Kim Il-song U. and all our intellectuals then, more than three decades ago.

Expressing strong emotion, Prof. Chon Yong-sik of the Economics Department said the following at a significant gathering held in early January as follows:

"It was in the first half of the 1960's. Until then, there had been much tendencies of dogmatism and funkeyism in our way of thinking and research attitude. Our levels

were also lagging so much behind what the party had been expecting of us. It was at a time like that that the great helmsman Comrade Kim Chong-il came, bringing the light of hope with him to make us intellectuals open our eyes and help us acquit ourselves of our true, fundamental responsibility as intellectuals worthy of the name.

"Looking back, it was also the great helmsman Comrade Kim Chong-il who taught us about how we should uphold and serve the leader, who personally led us to establish the revolutionary view of the leader, and who helped us open our eyes to the essence of chuche. And it was the respected and beloved Comrade Kim Chong-il who, while promoting creative developments in all scientific fields through his energetic ideological-theoretical activities, untiringly led us into the genuine world of scientific truth.

"Already engraved on the hearts of all of us intellectuals then, decades ago, was the firm belief that the great helmsman Comrade Kim Chong-il is, precisely, a great teacher launching preeminently profound and multilateral ideological-theoretical activities in all sectors of the revolution and construction, and in all fields of learning, including politics, economics, history, philosophy, culture, and military affairs." [passage omitted]

Whatever he does — working on his thoughts or giving a lecture or doing anything else — Prof. Yong-sik would do it under the ideological-theoretical guidelines elucidated by the respected and beloved Comrade Kim Chong-il.

His lectures on the basic party line of economic construction gave students a great impression. He based them on words said by the respected and beloved Comrade Kim Chong-il one day the previous year about the originality of the basic party line of economic construction that calls for the simultaneous development of the light industry and agriculture while ensuring preferential development of the heavy industry, and about the fact that even when the party sets forth an immediate task to concentrate resources on the production of consumer goods, it makes no change in the party line.

After that, too, he, using the ideological theories elucidated by the respected and beloved Comrade Kim Chong-il as a guideline, gave lectures on the chuche-based position adhered to by our party in the cooperativization of agriculture, on the originality of the new industrial management system, and on the correctness of our party line of building a self-supporting national economy. [passage omitted]

The great helmsman Comrade Kim Chong-il's wisdom of chuche and extraordinary vision put out rays of light

deep into various parts of university work and learning, and even into the sphere of natural science.

The respected and beloved Comrade Kim Chong-il always mingled candidly with functionaries, instructors and students at the university. Occasionally, while writing his classic works, he kindly guided them to resolutely denounce a dogmatic or funkeyist attitude toward existing theories, and to defend and demonstrate the correctness and truth of the revolutionary ideology of the Great Leader, the chuche ideology, in every way. Major changes that took place in those days included a review of the Three States unification arguments in the history department, the total refutation of arguments defending capitalism in the philosophy department, the conquest of unknown fields of natural science with a Korean-type vision, the establishment of the role of the county as the regional base in socialist construction, and the opening of new prospects for chuche-oriented literature and arts.

Chuche was thoroughly established in every part of the work of the university as the base of national cadre training, while instructors vigorously went about with their teaching and indoctrination programs from the chuche-oriented viewpoint, to their hearts' content.

The value of intellectuals lies in their ability, and their life in defending scientific truth.

In that sense, how great a teacher the respected and beloved Comrade Kim Chong-il is, who led our intellectuals to know about their party and leader, their tradition and fatherland, and who opened a new world of scientific truth, a new plane, before them!

It was indeed a great honor and happiness for Korea's intellectuals that they had the great Comrade Kim Chong-il as their teacher.

Still, the great helmsman Comrade Kim Chong-il, thinking of them fondly, called them able instructors and fine professors.

The great helmsman Comrade Kim Chong-il, while taking all the necessary steps for the instructors to be able to bring their abilities into full play, has treated them with respect. He has always thought of them and looked after them kindly. [passage omitted]

In 1980 Prof. Chon Yong-sik was about to celebrate his 60th birthday. As the day drew closer, preparations were being made for celebrations both in the university and at his home. Upon learning about it, the old professor refrained from accepting the honor, saying he owes so much to the party but has done too little to deserve such honor. Especially, he took note of the fact that, with the approach of the Sixth Party Congress, the entire nation

was seething like a ball of fire. At a time like that, he said, he could not allow himself to indulge in such a luxury as sitting at a birthday banquet for himself. And he routinely went about his work of teaching and indoctrination, devoting his passion to it as he did on any other days.

Upon learning of this fact, the great helmsman Comrade Kim Chong-il called in a functionary and gave him the assignment of delivering the traditional 60th birthday feast to the professor's home.

The professor, deeply loyal to the party and the leader, had devoted all his wisdom and passion to the improvement of education at the university. And the respected and beloved Comrade Kim Chong-il thus showed appreciation for his services. [passage omitted]

Prof. Chon Yong-sik was born in Talsong County, North Kyongsang Province. He was an intellectual of a colonial state, who had to work his way through middle school and college, as a tutor or an odd hand.

He came to be embraced in the bosom of the Republic, which he had longed for so much, during the fatherland liberation war. As he came to know about the Fatherly Leader and the party, he came to enjoy the true life as an intellectual to his heart's content.

Those days were days of overwhelming excitement for him, when he keenly realized through and through that in order for intellectuals to be able to bring their talents into full play and enjoy a worthy life, they needed the bosom of a great leader, the bosom of a party, who understand them and lead them according to their destiny in a responsible manner.

The logo of the Workers Party of Korea shows a writing brush along with a hammer and a sickle, which comes to his mind whenever he feels the happiness of his life as an educator and scientist!

A symbol of the intelligentsia policy of our leader and our party promoting the dignity and honor of intellectuals endlessly, it always gave him infinite pride and confidence. [passage omitted]

What do we see in the fact that the great helmsman adored by all the people has shown his warm trust and solicitude to an intellectual at the outset of the new year?

At a time when we see cases of intellectuals fleeing their countries where socialism collapsed, abandoning their pens and books, the moving scenes like this, omnipresent in our country, serve as a living proof of the correctness of our party policy toward intellectuals that recognizes the power of the pen, and as a great demonstration of the solidity of the total harmony between the great helmsman and intellectuals.

In this total harmony, we see most vividly the truth that although there is no national boundary in science, Korea's intellectuals have the bosom of the great leader and the socialist fatherland of chuche.

They have a firm belief and the deep confidence that they have the bosom of the great teacher who is the source of their ideology and faith, and who enhances their dignity and honor infinitely!

With this faith and confidence in their hearts, Korea's intellectuals live and struggle stoutly as eternal partners of the party, fighting through any raging storms. [passage omitted]

South Korea

Disagreement With U.S. on KEDO Operations

Authority at Issue

*SK0407093895 Seoul MUNHWA ILBO in Korean
4 Jul 95 p 4*

[Report by Han Chong-ho]

[FBIS Translated Text] The ROK and the United States are having considerable disagreements over how to conduct the Korea Energy Development Organization [KEDO], which will take charge of the light-water reactor project for North Korea, and in particular over the authority of the secretary general, who will be an American.

The United States is calling for a "secretary general-centered system" which allows the secretary general to exercise full powers [chonkwon], while the ROK is placing emphasis on the "three-nation consultations system," in which KEDO's plans and important policies are decided on by the ROK, the United States, and Japan.

Concerning this, the government intends to promptly settle the main impending problems on the occasion of the 5 July visit to the ROK by Bosworth, who was designated KEDO secretary general. At the same time, the government plans to convene a KEDO plenary meeting in mid-July and finalize the KEDO bylaws and nominate staff members. Thus, the government is going to push ahead with the early assumption and complete normalization of KEDO activities.

According to a government source, in the wake of preparing "KEDO bylaws" which will stipulate the authority of the secretary general and the like, the United States has clearly stated that "since the KEDO is an independent international organization, its secretary general should have the right to formulate all KEDO

policies based on his characteristic authority." This being the case, the U.S. position is that after KEDO is normalized, consultations between the ROK, the United States, and Japan will not be necessary, or should be held only as auxiliary means.

On the contrary, the ROK believes that if "the secretary general-centered system" is adopted as called for by the United States, "the ROK's central role" cannot be supported. Therefore, the ROK is opposed to this system. The ROK's opposition was likely prompted by the fact that although the executive council — which will be operated on the basis of a unanimity system by the ROK, the United States, and Japan — is the supreme organization of the KEDO empowered with the decision of its proceedings, it has no authority to make a proposal of its own accord, and is to only decide — yea or nea — for a policy draft put forward by the secretary general.

'Tug-of-War' Over Leadership

*SK0507150995 Seoul MUNHWA ILBO in Korean
5 Jul 95 p 2*

[Report by Han Chong-ho]

[FBIS Translated Text] The ROK and the United States are waging a tug-of-war over leadership of the Korea Energy Development Organization [KEDO], which will take charge of the light-water reactor [LWR] project for North Korea. Under this situation, people pointed out that the ROK's "central role" is being eliminated even in the composition of an investigation team which will be dispatched to North Korea in September to select the construction site of light-water reactors.

With increasing worries about this possibility, the government intends to discuss the issue of composing the investigation team and the issue on the scope of activities of the contractors with Steven Bosworth, the KEDO secretary general-nominee who is making an unofficial visit to the ROK on 5 July.

According to a relevant government source, the ROK, the United States, and Japan agreed that they will dispatch a first investigation team, which will be composed of 10 members, including three Koreans, three Americans, two Japanese, and two KEDO officials, to North Korea in September. They also agreed that for the second-stage survey, they will select a company specialized in survey and excavation, which will take charge of actual survey and investigation, and will continue the site survey. It was learned that the contractor will organize the program of survey work for the site, and will forward the final report to the KEDO, and that this company will be selected among American companies.

The problem is that there is a great possibility that the company in charge of the site survey, in view of the customary practice and of working-level necessity, will be selected as the "program coordinator" who will supervise and coordinate the overall light-water reactor project even at the stage of making a contract. In other words, this will result in practically assigning "the central role" of the light-water reactor project to a U.S. company.

LWR Site Inspection Unresolved

*SK0507110995 Seoul YONHAP in English
1044 GMT 5 Jul 95*

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — A difference of opinion has flared up between South Korea and the United States over the issue of sending a fact-finding team to the candidate site of light-water reactors to be built in North Korea by the Korean Peninsula Energy Development Organization (KEDO).

An informed source said Wednesday the United States wants that the candidate site would be examined by an American atomic energy firm in a contract awarded by KEDO.

South Korea, however, is in the opinion that the site survey should be made under the overall control of the Korea Electric Power Corp., the would-be main contractor of the light-water reactor project, the source said.

Thus far, the two countries neared an accord only on the forming of a site inspection team among 10 or so experts of South Korea, United States and Japan, who would be led by an American in consideration of North Korea's position.

"Inasmuch as our industry is set to be the main contractor in the reactor project, our side should take charge of the site inspection under all circumstances," a Seoul government official said.

Otherwise, he said, it would be an awkward start for the project designed to supply Korean-style reactors to North Korea.

The official also said that materials to be prepared as a result of KEDO activities should either be managed by South Korea or be made freely available to the three KEDO countries of South Korea, United States and Japan.

KEDO Chief Bosworth Arrives in Seoul 5 Jul

*SK0107082895 Seoul YONHAP in English
0808 GMT 1 Jul 95*

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — Executive Director Stephen Bosworth of the Korean Peninsula Energy Development Organization (KEDO) will visit here Wednesday and meet with government officials about the upcoming talks with North Korea on a light-water nuclear reactor supply contract.

The former U.S. ambassador to the Philippines will discuss measures for light-water reactor supply talks with North Korea when he meets Unification Minister Na Ung-pae, Foreign Minister Kong No-myong and other South Korean officials, a government official said.

The KEDO must form a delegation to the reactor supply talks with North Korea slated for mid-July, and this will be the main topic of the discussions between Bosworth and South Korean officials, he added.

Bosworth will also visit Ulchin Nuclear Power Station to inspect Ulchin Nos. 3 and 4 reactors, the reference model of the reactor to be supplied to North Korea, and Korea Electric Power Corp. (KEPCO), which is to become the prime contractor for the KEDO's light-water reactor construction project in North Korea.

Human Chain Formed Around U.S. Base in Pusan

*SK0307002495 Seoul THE KOREA TIMES in English
3 Jul 95 p 3*

[FBIS Transcribed Text] Pusan — More than 1,000 citizens and members of 24 civic organizations in this southern port city joined hands to form a human chain around Camp Hialeah Saturday, calling for an early exit of the U.S. military base from the city.

They surrounded about half of the 1.1-kilometer-long wall at about 3 p.m. after staging a rally at Pusanjin Middle School and demanded the U.S. military authorities and the Defense Ministry return the site of the Camp to Pusan citizens soon.

A spokesman for an alliance of the civil groups said, "We are launching a campaign to build a citizens' park at the site of the American military base after it moves out of the city."

Camp Hialeah, used by the U.S. forces since Korea's independence from the Japanese colonial rule in 1945, is located in the heart of the city.

Citizens have demanded the return of the site, claiming that the military base hampers efficient urban development of the city and causes enormous gridlock.

President Kim Yong-sam recently promised to move the camp and construct an athletes' village and a park for the 2002 Asian Games which Pusan will host.

Inter-Parliamentary Group With U.S. Forming

*SK0107020595 Seoul YONHAP in English
0038 GMT 1 Jul 95*

[FBIS Transcribed Text] Washington, June 30 (YONHAP) — South Korean and American lawmakers agreed Friday to inaugurate the Korea-U.S. Inter-Parliamentary Council in Washington on July 25 to promote mutual cooperation.

The agreement was reached at a meeting Reps. O Seung (DLP), Kang Kyong-sik (DLP) and Cho Sun-sung (DP) had with U.S. House Foreign Affairs Committee Chairman Rep. Benjamin A. Gilman (R-New York) and Rep. Toby Roth (R-Wisconsin) here.

The Korea-U.S. Inter-Parliamentary Council in its inaugural session will discuss ways to expand regular exchanges between the South Korean National Assembly and the U.S. House of Representatives, Rep. O said.

Russian Paper on DPRK Motives in U.S. Talks

*SK0407124595 Seoul YONHAP in English
1234 GMT 4 Jul 95*

[FBIS Transcribed Text] Moscow, July 4 (YONHAP) — The reason North Korea rejected the description of South Korean model of light water reactors during their talks with the United States was not because they were afraid of the landing of many South Korean technicians on their land but because they wanted to obtain more in the course of negotiations, a Russian daily reported Tuesday.

In a commentary, the newspaper KOMSOMOLSKAYA PRAVDA said that even if more than 3,000 South Korean technicians would enter North Korea, the totalitarian country has the ability to insulate them from North Korean residents.

But, by obstinately turning down a South Korean model, North Korea obtained much more interests, it said.

Noting that the North Korean nuclear question itself was a scheme to induce the West to the table of negotiations with them, the Russian daily said that through the negotiations, North Korea could obtain rice to resolve their food difficulty let alone light-water reactors.

The report went on to say that though North Korea succeeded in obtaining 150,000 tons of rice from South Korea for free, they would need about 2 million tons of rice to resolve the current food crisis.

For this reason, North Korea may trigger yet another problem in connection with the nuclear agreement in the foreseeable future, the report added.

Kim Chong-il, Foreign Experts Debate Capitalism

SK3006223895 Seoul THE KOREA TIMES in English
28 Jun 95 p 1

[FBIS Transcribed Text] Tokyo (AFP) — North Korea's reclusive leader Kim Chong-il has met with some 20 Japanese and Western economic experts and businessmen to discuss capitalism and how it could help his country's moribund economy, a press report said Monday.

Kim, who is likely to succeed his father Kim Il-song as North Korea's president and head of the Korean Worker's Party, met with the group for 20 hours spread over five days earlier this month at his guesthouse in Pyongyang, the weekly magazine SHUKAN GENDAI reported.

"We would like to learn what we can from capitalist society as much as possible," the 53-year-old leader was quoted as telling the meeting's participants from Japan, France, Belgium, Austria and other unspecified countries.

"That is because my most important wish is to help all the Korean people lead an affluent life," he was quoted by one of the guests as saying.

According to the report, Kim listened attentively to advice from economic experts on capitalism and how it could benefit North Korea and its 22 million people.

The hardline communist state has expanded economic links with capitalist countries on a limited and selective basis, but has also warned North Koreans against the "infiltration of reactionary and bourgeois ideas."

Despite the warning, reiterated in a thesis written by the younger Kim, the government has been promoting a free trade and economic zone at its border with China and Russia since late 1991 in the hope of attracting foreign capital and technology to spur its stagnant economy.

South Korea's central bank, the Bank of Korea, said in a report last week that North Korea experienced a 1.7 percent drop in 1994 gross domestic product (GDP) results in real terms — the fifth straight annual decline.

The bank put the North's GDP result at a nominal \$21.2 billion.

The North Korean Government does not publicly release GDP figures, nor is its economic data considered reliable. North Korea watchers here had mixed reactions to the report with some of them saying they did not trust it.

According to SHUKAN GENDAI, Kim told his visitors that he was consistently busy with official duties. He is widely believed to have taken over the daily political, economic and military chores from his father during the mid-1980s.

"For example, I woke up at six one day. After breakfast, I inspected a farm in the morning and toured a factory in the afternoon. All the while, I kept on giving instructions by car telephone," he was quoted as saying. "Everything is finally decided by myself."

'Fidelity' Prevent Kim Chong-il Assuming Power

SK0407232495 Seoul THE KOREA HERALD
in English 5 Jul 95 p 3

[FBIS Transcribed Text] Beijing (UPI) — North Korean leader Kim Chong-il's "loyalty and fidelity" to his deceased father are the sole reasons why he has not formally assumed the top state and party posts, a counselor at the embassy in Beijing said Monday.

With the one-year anniversary of the late President Kim Il-song's death approaching July 8, Choe Han-chun said he did not know if Kim will use the occasion to accept the titles of president and Worker's Party general.

"Regardless, he is the head of state and the leader of our party," Choe stressed during an interview.

Analysts say the anniversary may herald a new diplomatic initiative by North Korea to end its international isolation and also elevate Commander-in-Chief Kim Chong-il, the son and designated successor of Kim Il-song.

Resolving chronic food shortages is believed to be the most immediate challenge to the 53-year-old Kim.

More on Flag Controversy Over Rice Aid to North

DP Wants Apology Publicized

SK0407014695 Seoul YONHAP in English
0136 GMT 4 Jul 95

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — The main opposition Democratic Party [DP] demanded Tuesday [4 July] that the government make public the full text of North Korea's apology for its breach of the rice aid agreement when it forced a South Korean freighter to raise the North's national flag while the ship, carrying rice aid from the South, entered and docked at a North Korean port last week.

Spokesman Pak Chi-won said, "We cannot understand why the government has not disclosed North Korea's apology over the flag incident, let alone the Beijing rice agreement."

As the government has been inconsistent in dealing with North Korea, swinging from an ultra-hawkish to an ultra-dovish stance, the people want to know what is going on at the secret talks with the North, he claimed.

NUB Spokesman Reports Agreement

*SK0407103495 Seoul YONHAP in English
1028 GMT 4 Jul 95*

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — South and North Korea agreed Tuesday that South Korean vessels carrying rice to North Korea would not use the national flags of either side from a point 3.2 miles from the piers of the Chongjin harbor, North Korea.

National Unification Board [NUB] spokesman Kim Kyong-ung said the agreement was reached during talks between officials from the Korea Trade Promotion Corp. (Kotra) and the North's Samcholli General Corp. in Beijing.

"The point where a South Korean vessel will pull down the South Korean flag will be 3.2 miles from Chongjin harbor piers, a point where the vessel will meet a waiting North Korean pilot boat," spokesman Kim said.

Apology Fails To Specify ROK

*SK0507022495 Seoul CHOSON ILBO in Korean
5 Jul 95 p 2*

[By Kim Sung-yong]

[FBIS Translated Text] It was confirmed on 4 July that the contents of North Korea's apology telegram regarding the coercive hoisting of a North Korean flag on our freighter the "Sea Apex" upon its arrival at Chongjin Port are identical to what has been revealed by the government. The telegram, which was directly confirmed by CHOSON ILBO, was sent in the name of and signed by Chon Kum-chol, adviser to North Korea's External Economic Cooperation Committee.

The content of the telegram was one sentence stating: "I regret such an unfortunate incident occurred when the South's ship entered our port, an incident resulting from an error by working-level officials in the process of implementing a bilateral accord, and suggest both sides ensure no such incidents recur." However, the message did not specify "the ROK" and "the DPRK" as stipulated in the Beijing agreement, and was signed to "Unification Deputy Minister Yi Sok-che" from "Chon Kum-chol, adviser to the External Economic Cooperation Committee."

Ship's Crew Not Told of Guidelines

*SK0507032895 Seoul TONG-A ILBO in Korean
5 Jul 95 p 1*

[FBIS Translated Text] It was learned on 4 July that the Sea Apex, captained by (Kim Ye-min), which created a stir by being forced to hoist a North Korean flag, had not been informed in advance by the government of the inter-Korean agreement not to fly the national flag of either country when entering North Korean territorial waters.

It was learned that the Sea Apex acceded to the North Korean request to fly the DPRK flag upon entering Chongjin Port according to customary international practice. According to international practice, when entering the port of a foreign country, an oceangoing vessel is supposed to hoist on its mainmast the national flag of the port country and its own national flag on the stern. However, North Korea forced the Sea Apex to unhoist the ROK flag while forcing it to leave the DPRK flag hoisted. This is different from the story about the hoisting of the DPRK flag by the Sea Apex while at Chongjin Port.

A senior government official concerned with that day said: "Owing to an error by a working-level official, the Sea Apex entered Chongjin Port without being informed of the guidelines on hoisting the flag. North Korea was wrong in forcing the Sea Apex to hoist the DPRK flag, but our side also made a commensurate mistake."

He added: "However, since the relevant government department should have informed the shipping company of the guidelines, a mistake was made because of the unsmooth interdepartmental coordination created by shipping the rice in a hurry."

The Namsong Shipping Company, which operates the Sea Apex, added: "We sailed without receiving government guidelines on the flag issue. Only after the Sea Apex had returned home were we made aware that by forcing our ship to hoist the DPRK flag, North Korea not only acted in breach of international law but violated the inter-Korean agreement."

Editorial Criticizes Government

*SK0107083495 Seoul HANGUK ILBO in Korean
1 Jul 95 p 3*

[Editorial: "Forced Hoisting of DPRK Flag and Rice Supply Suspension"]

[FBIS Translated Text] The forced raising of the North Korean flag aboard the South Korean ship "Sea Apex," which was loaded with South Korean rice destined to alleviate the suffering of starving North Koreans, is like

a slap in the face of those who were acting in the pure spirit of humanity and brotherly love. Needless to say, the government's demand that North Korea provide an official government-level apology and guarantee that it does not happen again and the government's decision to suspend the provision of rice to North Korea until then are to be expected.

North Korea's actions were extremely intentional and vicious, as they forced the Sea Apex to raise the North Korean flag, in spite of the agreement between the North and South not to raise any flag on the ship after it called at port, by threatening the safety of the captain and crew.

The decision to supply rice to North Korea grew out of the people's sympathy to help out compatriots in the North. But South Koreans are also partly responsible for the results, since they gave North Korea the chance to commit such an illegal act. This first adverse effect in the issue of rice supply arose from Chongwadae [presidential offices] overriding relevant ministries to steer the talks directly, shamefully accepting North Korea's demands on the grounds of being considerate to its position, and failing to reveal the contents of the agreement.

We cannot help but feel disbelief that the government was so wrong as to refuse to reveal the North Korean signatories to and the contents of the agreement to the people, who are the taxpayers burdened with the 200 billion-won price of supplying rice to North Korea, which has a history of not following through on its agreements. Furthermore, we are baffled as to why an oral agreement was made with North Korea on not raising any flags on ships calling at the port. They even belatedly came up with the preposterous excuse in the face of strong protest by our side, that the contents of the agreement were not sent to Chongjin port.

We emphasize again, that while we understand the government's will to open the door to dialogue and improve relations with North Korea, it needs to clearly realize that North Korea continues to slander and maintain hostilities with South Korea, avoid dialogue with South Korean authorities for quite some time, and instigate unrest in South Korea even as it receives free rice from South Korea. North Koreans are not ones to express heartfelt appreciation over the donation of 150,000 tonnes of rice. Expecting a resumption in inter-Korean talks, a thaw in inter-Korean relations, or inter-Korean summit talks is entirely too rash and belies an ignorance of their [North Korean] psyche.

If the government fails to receive an apology, explanation, and promise from North Korea's State Administration that this will not occur again, it should suspend rice shipments to North Korea. It should also disclose

the contents of the agreement, even now. By so doing, the ROK people, as well as the people throughout the world, should be made aware of the contents of the promise with North Korea. In addition, it should submit the issue of supplying North Korea with rice to the National Assembly for official approval.

Furthermore, the government needs to discard its lackadaisical attitude and its futile hope for change in North Korea, and regard North Korea objectively. This is not a hostile attitude, but the shortcut to dealing with them properly. Also, the government should keep in mind that the majority of the people are very upset at North Korea's betrayal and the arbitrary supply of rice to an unchanging North Korea.

'Dignified Attitude' Urged

*SK0407063595 Seoul TONG-A ILBO in Korean
4 Jul 95 p 3*

[Editorial: "We Should Deal With North Korea With a Dignified Attitude"]

[FBIS Translated Text] The government has decided to resume rice shipments to North Korea, which were suspended when North Korea forced the "Sea Apex" to hoist the North Korean flag. The decision was made because the North Korean authorities sent an official apology in the name of Chon Kum-chol, adviser to the Committee for the Promotion of External Economic Co-operation, with a promise to prevent such a recurrence. The government accepted this as North Korea's acceptance of our demand.

The North Korean authorities have long been notorious within the international community for not abiding by law. Nevertheless, by forcing the "Sea Apex," which carried rice to Chongjin to help ease the North Korean food shortage out of sheer humanitarian considerations, North Korea not only ignored international practice but committed a rude and shameless act against humanitarianism. At North Korea's request, our side shipped the rice to North Korea in 40 kg bags that bore no markings; however, North Korea trampled down our good will and even threatened the personal security of our ship's crew.

Only after our strong request did North Korea send a letter stating "we express regret that the unfortunate incident occurred because of an error by working-level functionaries" and "clarifying that measures will be taken so as to prevent such a recurrence between the two sides in the future." The government accepted North Korea's "clarification" as an official apology and promise to prevent any such recurrence, and thus decided to resume the shipment as soon as possible.

However, while in principle the people support rice aid to North Korea, they are angry at the insult North Korea inflicted on the "Sea Apex."

The anger is targeted at the North Korean authorities, but also represents the people's complaint about the government's attitude in dealing with the North. The complaint comes from worries mixed with distrust, based on the fact that we were insulted while giving rice to the North free of charge, that there is a problem in the government's attitude in dealing with the North.

The government should maintain a resolute and dignified attitude in relations with the North, and should develop relations always on an equal basis. Since our side recognized the North Korean authorities, we should ensure that North Korea also recognizes our government. We should not tolerate acts by North Korean authorities that ignore and do not recognize our government. The government should also give administrative guidance to people who contact the North.

Next, the people should brace their spirits to deal with the North. We are worried that the people's attitude toward the North is improper because of the worldwide atmosphere for detente and the loosened vigilance toward the North in the wake of the end of the Cold War. It should be noted that the captain of the "Sea Apex" has been an object of criticism by some for failing to toughly cope with the situation.

Rice-Laden Ships Again Leave for North

SK0407101295 Seoul YONHAP in English
1004 GMT 4 Jul 95

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — The three South Korean vessels that had been ordered back to the South during their rice delivery run to the North due to the flag incident, left South Korean ports for North Korea again at 6 pm Tuesday.

On receiving a North Korean apology over the incident in which a rice-carrying South Korean vessel, "Sea Apex," was forced to hoist the North Korean flag during its anchorage in the North Korean Chongjin port, the South Korean Government decided Monday to resume shipping the rest of the 150,000 tons of rice it promised for North Korea beset with acute food shortage.

A source at the maritime and port administration said "Toljin-ho," "Eastern Venture" and "Haengjin-ho" set sail from Tonghae, Pusan and Mokpo carrying 2,000 tons, 3,500 tons and 2,500 tons of rice, respectively.

The three vessels are expected to reach the Chongjin harbor sometime between 3 pm Wednesday and 9 am Friday, the source said.

"Sea Apex" delivered 2,000 tons of rice as the first shipment of the 150,000 tons set to be supplied to the North by mid-August.

Ministry Preparing for 2d Rice Shipment

SK0407084295 Seoul KBS-1 Radio Network
in Korean 0808 GMT 4 Jul 95

[FBIS Translated Text] According to the government's decision to resume rice aid to North Korea, today the Ministry of Agriculture, Forestry, and Fisheries [MAFF] directed 209 rice pounding mills across the country and the Korea Transport Corporation to begin polishing and transporting rice.

An MAFF official stated: Of the second 40,000-tonne installment of rice to be sent to North Korea, 23,000 tonnes of rice have been polished. It is expected that the pounding of the remainder of the unpolished rice will be completed by around 10 July. The second installment of 40,000 tonnes of rice is expected to be shipped from the Kunsan and Kwangyang Ports to North Korea on 10 July.

Meanwhile, the freighters Tolchin, Eastern Venture, and Haengjin — which returned back halfway on 28 and 29 June — will leave the Tonghae, Pusan, and Mokpo Ports, respectively, for the Chongjin Port in North Korea before the end of 4 July.

Next Round of Rice Talks Planned for 15 Jul

SK0407052695 Seoul CHUNGANG ILBO in Korean
4 Jul 95 p 1

[By correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] It was learned that South and North Korea plan to hold a second round of talks in Beijing on 15 July to discuss in detail the possibility of holding a South-North summit, resuming economic cooperation, and the return of the crewmen of the Usong, which was abducted by the North. A high-ranking source in Beijing revealed on 3 July: "During the first round of talks, both sides agreed that the second round would be held in Beijing on 15 July, and that the agenda would discuss additional provisions of rice and South-North economic cooperation. In addition to the agenda agreed upon between the two sides, discussions on other issues—such as a South-North summit and the return of the crewmen of the Usong—will also be held."

He added: "As a result, during past contacts about raising the possibility of holding a South-North summit, Pyongyang showed a positive attitude, saying 'we can respond to a summit after Secretary Kim Chong-il is inaugurated as state president.'"

In connection with the apology over North Korea forcing the ROK vessel Sea Apex to hoist the North Korean flag, Pyongyang issued a written promise that efforts will be made so that similar incidents will not be repeated. Also, at the working-level contact between the Korea Trade Promotion Corporation and the North Korean Samcholli General Corporation held from 1-3 July in Beijing, Pyongyang notified the South that it will participate in the second round of talks as originally agreed upon.

Talks To Include Non-Rice Issues

*SK0507104495 Seoul YONHAP in English
1025 GMT 5 Jul 95*

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — Deputy Prime Minister Na Ung-pae said Wednesday the upcoming 2nd-round rice talks between South and North Korea would take up pending inter-Korean issues as well as the rice question.

While meeting with reporters, Na who is the concurrent national unification minister said, "Our policy is to get North Korea [to] agree at the mid-July Beijing talks at least on the re-activation of the South-North Joint Economy Commission."

Saying that the 2nd-round talks could discuss various issues pending between the two Koreas in addition to the rice question, Na said "the role of my board will grow bigger from the 2nd-round talks."

The issues the Seoul side hopes to tackle at the mid-July Beijing talks include the normalization of the economy joint commission, repatriation of seized "Usong-ho" and its crew members, and sustained talks between government authorities of the two sides, a government source said.

DPRK Denunciations Drop Following Rice Aid

*SK0507092695 Seoul KYONGHYANG SINMUN
in Korean 4 Jul 95 p 1*

[By Kang Song-po]

[FBIS Translated Text] It has been confirmed that North Korea has mitigated its denunciations of the ROK following the initiation of rice aid. According to the "Weekly Review of North Korean Trends" published by the Board of National Unification on 3 July, the daily average of slanderous North Korean broadcasts against the ROK decreased to 10.8 in the nine days since the North-South rice agreement was announced on 21 June, 3.7 times less than the average 14.5 times in the seven days prior to the announcement. In particular, since the unloading of 2,000 tonnes of rice at a North Korean port

on 28 June, North Korea's attacks against President Kim Jong-sam have diminished considerably.

Most DPRK Agro-Fishery Exports Undelivered

*SK0407055195 Seoul MAEIL KYONGJE SINMUN
in Korean 4 Jul 95 p 18*

[By reporter Choe Kyong-son]

[FBIS Translated Text] ROK importers of agricultural and fisheries products from North Korea face difficulties because North Korea has broken export contracts and shipped low-quality goods. In addition, ROK companies have failed to receive goods for over half of their government-approved contracts.

According to companies that import agricultural and fisheries products from North Korea, as of the end of May the ROK Government had approved imports from North Korea of 780 tonnes of fisheries products (\$1.74 million); however, only 200 tonnes (\$340,000), or 25.6 percent, had been delivered as of the end of April.

Also, last year out of a total government-approved 6,599 tonnes, 3,140 tonnes of fisheries products, or 47.5 percent, were imported. In 1993, 1,091 tonnes, or 46 percent, were imported out of the total 2,367 tonnes.

In connection with this, a National Unification Ministry official said: "North Korea tends to sign contracts without acquiring the material for export, or ships low-quality goods. As a result, ROK companies fail to obtain the material as planned." He added: "ROK imports of fisheries products face the most serious problem, and imports of agricultural and industrial products follow suit."

An official of the Taeyang Corporation, which imports frozen and dried Alaska pollack from North Korea, stated: "We frequently face difficulties because the North Korean samples and the delivered goods are different." Another company, whose name starts with H, reportedly discarded all shipments of dried Alaska pollack this year because they failed to pass the quarantine inspection.

North Processing of South Materials Increases

*SK0407072895 Seoul YONHAP in English
0659 GMT 4 Jul 95*

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — Inter-Korean trade of products made in the North with materials supplied by the South is increasing sharply, despite the continuing slump of overall economic relations between the two Koreas since 1992.

According to a report on inter-Korean trade published by the Korea Development Institute (KDI), the South's

reimports of products processed in North Korea on a commission basis jumped from 23,000 U.S. dollars in 1991 to 16,373,000 dollars last year on a government approval basis, though inter-Korean trade has leveled off at the 200-million-dollar mark annually since 1992.

Consequently, reimports of such processed goods from the North, expressed as a percentage of total imports, soared from 0.014 percent in 1991 to 0.28 percent in 1992, to 2.3 percent in 1993 and further to 8.1 percent last year.

Sixteen South Korean firms made such reimports worth a total of 21,336,000 U.S. dollars until the end of last year, including Kolon which reimported 4,000 bookbags worth 22,880 dollars which the North made by processing materials provided by the company in 1991.

LG topped the list of South Korean firms reimporting processed goods, mostly clothes, from the North as of end-1994, recording 7,345,000 dollars. The runner-up was Samsung with 7,202,000 dollars, followed by Daewoo with 4,126,000 dollars and Hanil synthetic fiber with 1,132,000 dollars.

Processing-on-commission inter-Korean trade is expected to expand, as the North adopted a policy supporting such trade in 1984, the government think tank predicted.

South Korean firms should provide technical aid to the North, reduce transportation costs and gather information on the North Korean light industry if it expects to increase trade with the North, it remarked.

In addition, due to the restrictions on South Korean visits to the North, technical aid should be provided by training North Korean workers in a third country, such as China.

And, to reduce transportation costs, there should be regular inter-Korean container ship services, the report said.

Journalists Propose Inter-Korean Exchanges

*SK0307065195 Seoul YONHAP in English
0641 GMT 3 Jul 95*

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — South Korea's journalistic organizations proposed on Monday to their North Korean counterparts to have talks without conditions.

The three organizations — the Korean Federation of Press Unions (KFP), the Journalists' Association of Korea and the Broadcasting Producers Association of Korea — held a joint press conference at a restaurant in Chongdong, downtown Seoul, to announce the proposal.

The proposal was sent to the (North) Korean Journalists Union and (North Korean) Radio and Television Broadcasting Committee.

Yi Hyong-mo, chairman of KFP, said in the proposal, "South and North Korea have recently been facing a new situation after North Korean-U.S. lightwater reactor negotiations and inter-Korean rice talks bore fruit. If there is something South and North Korean journalists can do to promote unification of their fatherland, it is to meet with each other without condition."

Yi said that the inter-Korean exchanges between female organizations, sports groups and the movie industries have been realized so far, but that there has never been direct journalistic exchanges.

"We don't expect that any detailed projects will be realized soon, but we proposed the talks first without considering any conditions," he said.

The three organizations decided to reinstate the "Council for the Promotion of Inter-Korean Journalistic Exchanges," which they jointly formed in 1991 and since have produced nothing, but have submitted applications for contacts with residents in North Korea to the National Unification Board.

Meanwhile, if the talks are realized, the three organizations plan to avoid discussing politically sensitive issues but will talk about joint surveys of Paektu Mountain, visits by South Korean journalists to Kumgang Mountain, Najin and the Sonbong Free Economy and Trade Zone.

Inter-Korean Shipping Firm To Be Established

*SK0307012995 Seoul YONHAP in English
0102 GMT 3 Jul 95*

[FBIS Transcribed Text] Seoul, July 3 (YONHAP) — A shipping firm exclusively responsible for inter-Korean cargo transportation will be established, as the rice aid to the North and the Daewoo Group's participation in the construction of an industrial estate in Nampo City, the sea gateway to Pyongyang, are expected to significantly increase inter-Korean freighter traffic.

Business sources said Monday eight South Korean firms serving on the Korea-Japan route, including Namsung Shipping, Heunga Shipping, and a Hong Kong-based shipping firm would establish the proposed firm in a joint venture.

A near-sea shipping industry association, which is promoting the joint-venture, recently received from eight of the 13 would-be member firms a positive response to its plan to set up an inter-Korean shipping

company, with some of them already sending their shares of the capital investment required.

The association will begin negotiating with the Hong Kong-based shipping firm about its participation in the joint-venture, with an eye to establishing the firm by as early as this month, a source said.

The new firm will put chartered freighters on the inter-Korean sea route until it can acquire its own ships.

A government official said that since the route to North Korea is classified as "a near-sea route," any shipping firm providing near-sea or ferry services could serve on the inter-Korean route if they obtain the necessary permits from both South and North Korean authorities.

PRC Arrests Korean for 'Hemp Leaf' Possession

*SK0507092995 Seoul YONHAP in English
0747 GMT 5 Jul 95*

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — A 63-year-old South Korean man was recently arrested in China on charges of possessing hemp leaf cigarettes, according to a Foreign Ministry official Wednesday.

Chon Sang-il was detained along with two Singaporeans who were also charged with possession of the illegal cigarettes, the spokesman said.

Chon reportedly had fake Japanese and Singaporean passports at the time of his arrest on June 8 while attempting to enter China, according to the spokesman.

Chon had illegally been living in Singapore for the past 10 years.

UK To Crack Down on Trade Barriers

*SK0407081495 Seoul YONHAP in English
0750 GMT 4 Jul 95*

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — Britain has devised a strategy to overcome its remaining trade barriers with their largest export markets, which include Korea, the British Embassy announced Tuesday.

Michael Heseltine, president of the Board of Trade, announced June 28 that Britain will establish a database of trade barriers, in order to identify and take action against countries that supposedly conduct unfair trading practices. The government is also encouraging British companies to notify them of any obstacles that arise in trading.

"The United Kingdom's reliance on export-led growth demands further steps towards liberal markets, not a move backwards to protectionism," Heseltine stated, declaring that the government will push forward to further open markets.

Some of the markets that Heseltine referred to included South Korea, the United States, Japan, India, Indonesia, France, Germany and Portugal.

"The British Government will continue to press other countries to abide by international trade rules that they have signed up to," he added, implying their WTO [World Trade Organization], EU [European Union] and OECD partners.

In reference to Korea, Heseltine cited unjust administrative measures used to block British exports. Using the example of compact discs, he complained about the amount of required paperwork, as well as the hefty administrative fees.

British Nuclear Sub To Call at Chinhae

*SK0407003895 Seoul THE KOREA HERALD
in English 4 Jul 95 p 3*

[FBIS Transcribed Text] A British nuclear-powered submarine will make a port call at Chinhae, South Kyongsang Province, from Thursday [6 July] to July 11, the Defense Ministry said yesterday.

The 5,400-ton "Trenchant" is accompanied by a support ship, the 10,700-ton "Diligence," which will arrive at Chinhae tomorrow, a ministry official said.

During the port call of the British submarine, naval officers of the two countries will have various goodwill events, said the official.

Trenchant will open itself to the South Korean military personnel and citizens Friday.

Foreign Investment Allowed in More Sectors

*SK0507001295 Seoul THE KOREA HERALD
in English 5 Jul 95 p 8*

[FBIS Transcribed Text] Fifty-five additional kinds of businesses, including dairy farming, railway transportation and real estate brokerages, will be opened to foreign direct investments by 1997, a top economic official said yesterday.

The move will increase the number of business types available for foreign investors to 1,094, accounting for 95.3 percent out of the total 1,148 categories, or an increase of 4.7 percentage points in Korea's investment market opening ratio, said Minister of Trade, Industry and Energy Pak Chae-yun.

Pak made the remarks at a ceremony to formally activate a 70-member mission of government and business officials which will visit Japan July 10-15 to attract direct investments.

The trade-industry minister also said that his ministry will set up an "venture business incubator center" for foreign startup companies within the Small and Medium Industry Promotion Corp., responsible for providing services such as office rentals and interpretation at low or no prices.

It will also station labor inspectors exclusively responsible for overseeing labor affairs at foreign-invested firms at industrial parks for foreigners, such as the one nearby Kwangju, South Cholla Province, he said.

To help ease the inconveniences foreign workers face here, the ministry will provide special ID cards to scientists and engineers as well as the semi-permanent residency now offered to Chinese nationals in Korea.

The "excellent" alien manpower will be allowed to acquire land within the space limit of 660 sq. meters as long as they have only one house as well as access to medical insurance and high-interest savings accounts.

Model projects to jointly develop machinery parts by Korean and Japanese companies will increase to 15 in number from the present four, Pak said. "For the three most promising areas of machinery, electronic and car parts, the two countries will operate industrial cooperation centers within their respective industrial associations," he added.

The investment attraction mission, headed by Assistant Minister Chong Hae-chu, will visit Tokyo and Osaka and hold explanation sessions and business negotiations during their six-day stay in Japan.

Overseas Construction Projects Increasing

*SK0507014395 Seoul THE KOREA HERALD
in English 5 Jul 95 p 8*

[FBIS Transcribed Text] Contrary to the concern that overseas business opportunities for Korean builders will seriously erode as a result of the recent outbreak of construction-related accidents, the latest statistics indicate otherwise.

Korean construction companies have secured a combined total of 79 overseas projects in the first six months of this year, up 41 percent from the 56 projects landed a year ago, according to the Overseas Construction Association of Korea yesterday.

The orders add up to \$2.1 billion, marking a 44-percent jump from the period between January and June of last year.

Two incidents of gas explosions in Seoul and Taegu claimed dozens of lives earlier this year. Last October, Seoul's Songsu Bridge collapsed during morning com-

muting hours, plunging scores of vehicles into the Han River.

All accidents were traced to shoddy construction, with the latest incidence being the toppling of a luxury department store in southern Seoul only last week.

An association attributed the growing orders mainly to the ongoing construction boom in Southeast Asia.

"As with last year, we expect the orders to grow even more in the second half of the year," projected the official, adding the orders are seen peaking around October.

Among the countries signing contracts with Korean construction firms, Singapore topped the list in the number of orders, followed by Malaysia and Indonesia.

The Singaporean orders have doubled from last year, registering a total value of \$298 million this year. Malaysia and Indonesian orders each soared by ten-fold this year.

Among the outbound Korean contractors, Hyundai Engineering & Construction has secured roughly one-third of the total contract value, followed by Ssanyong Construction Co., Shinhwa Construction Co. and the construction division of Daewoo Corp.

Further Reportage on Department Store Collapse

Government To Compensate Victims

*SK0107031895 Seoul YONHAP in English
0236 GMT 1 Jul 95*

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — The government decided to grant workers' accident compensation insurance to employee victims or their families injured or killed by the collapse of the Sampoong Department Store, in accordance with the law on industrial calamity compensation.

Prime Minister Yi Hong-ku presided over a meeting to cope with the disaster, attended by related ministers, on Saturday morning to decide compensation packages.

Labor Minister Chin Nyom reported to the prime minister that according to the regulations on the industrial disaster insurance program, the family of an employee victim killed by a disaster can receive more than 50 million won (about 66,000 U.S. dollars) and an injured employee can receive 11 million won.

Chin said, "As of 7:00 PM Friday, the government confirmed 37 department store employees killed and 206 others injured by the disaster, who will receive, or whose families will receive the insurance."

The Labor Ministry will soon form an industrial disaster insurance team to cooperate with Seoul city's disaster relief headquarters to ascertain the exact number of people who are eligible to receive compensation under the insurance policy, and brief them and their families on the procedure to receive the money insured.

Justice Minister An U-man said that considering statements made by witnesses, the appearance of the collapse and the disaster's influence on nearby buildings, the disaster is speculated to have been caused by shoddy construction.

"The prosecution's investigation will focus on three parts — maintenance and facility management of the building, design, construction and supervision of construction, and administrative supervision of the building," he said.

Store Executives Face Arrest

*SK0107032295 Seoul YONHAP in English
0258 GMT 1 Jul 95*

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — Four executives and two safety officials of the Sampoong Department Store which collapsed Thursday killing and injuring more than one thousand shoppers and employees, are facing arrest on charges of negligence which lead to accidental homicides and injuries.

A special investigative team probing the disaster has asked for arrest warrants to be issued on the six, who include Yi Chun, 73, the representative of the store; Yi Han-sang, 42, store president; and Im Hyong-chae, 49, head of the Uwon architecture office which supervised the construction of the collapsed store.

A source at the investigative team said that store executives, in particular, failed to take proper precautionary steps despite their advance knowledge that a collapse was imminent at the building, which had five levels above ground and four below.

A preliminary probe showed that Yi Yong-kil, store executive in charge of facilities, told the company's head of the dangerous cracks he discovered on the top floor's ceiling and pillars on Friday morning.

But, company president Yi did not take any precautionary measures, the source said.

Moreover, an emergency meeting of store executives and safety experts took place around 4 PM, two hours before the collapse, at the store, during which the danger of collapse was explained and the need for an immediate evacuation of shoppers and employees voiced.

However, company president Yi dismissed the suggestion and had the store go ahead with routine business except at some sales booths on the top level.

The source said investigators also learned that the store unlawfully added a fifth story to the originally designed four above-ground levels.

Construction of the store initially began in early 1989 with the Usong Construction Co.

When the work was 55.9 percent complete, Sampoong demanded that another story be added, but Usong protested the demand and withdrew from the project.

Construction was then taken over by Sampoong Construction Co., a Sampoong affiliate, and the store built the additional story as the owner wanted.

In addition, the store underwent two major expansions in the recent past. In one expansion last October, a large basement area was illegally rebuilt into sales booths, the source said.

24 Rescued From Rubble 1 Jul

*SK0107132195 Seoul YONHAP in English
1316 GMT 1 Jul 95*

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — All of the 24 people, trapped in the rubble for 52 hours after the collapse of Sampoong Department Store, were pulled out of a third basement floor of the ill-fated building at 9:50 PM Saturday [1250 GMT 1 July].

They are 10 men and 14 women, all cleaners of the building.

Rescuers found out their presence on the basement floor shortly before noon, when they were digging into the debris using steel cutters and hammers.

They began pulling out the first of the 24 at 9:00 PM and completed the rescue work in nearly an hour.

1 American, 2 Foreigners Missing

*SK0407022195 Seoul YONHAP in English
0203 GMT 4 Jul 95*

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — Three foreigners, believed to have been in the Sampoong Department Store at the time of the collapse Thursday evening, were confirmed as missing by respective sources Tuesday.

Frank Bakes, 58, an American citizen who was working as a hydraulic consultant for Korea Power Engineering Co. (KOPEC), told colleagues as he was leaving the office Thursday evening that he was going to dine at

the Sampoong Department Store, verified a KOPEC employee, Han Chung-sok.

Bakes left the office at 5:35 p.m., presumably for Sampoong. He did not check into his hotel room that evening, nor has he reported to work since.

KOPEC notified Bakes' employer, Burns and Roe, an American consulting firm, of the details and circumstances surrounding his disappearance. The American company then notified Burns' ex-wife, who resides in New Jersey.

The power plant consultant arrived in Seoul on March 8, and was scheduled to depart on Aug. 8.

Also missing is one Taiwanese man, Teng Yung-fa, 43, who was working Thursday as a chef at the Chinese restaurant, "Moon Crown," on the fifth floor of the department store, the Taiwanese consul-general, Yang Jiu-chung, confirmed Tuesday.

Teng has resided in Korea for several years, with his wife and three children, the diplomat revealed.

Meanwhile, a spokesman at the French Embassy maintained that Pierre-Francois Lenfant, 34, a French businessman, is also at large. Lenfant was reportedly seen dining on the fifth floor of the department store Thursday evening, but in respect to the family's wishes the embassy did not disclose any other details.

Officials' Ties To Construction Probed

SK0407063795 Seoul YONHAP in English
0614 GMT 4 Jul 95

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — Law enforcement authorities investigating the collapse of the Sampoong Department Store interrogated a former civil servant Tuesday [4 July], who was involved in approving provisional use of the building.

Chong Chi-hwan, 39, an ex-official of the housing section in the Socho Ward Office, was detained Monday evening and questioned about how the provisional use permit was issued to the department store and if he had received kickbacks for his involvement in the issuance.

Authorities summoned Yi Song-ku Tuesday, director-general of the city's Maintenance Bureau at the Songbuk Ward Office, and questioned him about his involvement in approving the construction of the department store in July 1990. Yi headed the Socho Ward Office's City Maintenance Bureau just before the permit in question was issued.

Also undergoing investigation are officials from Usong Construction Co., which reportedly completed the steel structural work up to the fourth floor of the five-story Sampoong Department Store in January 1989, and Sam-

poong Industrial Construction Co., which completed the project thereafter.

Law enforcement authorities Tuesday put into action a seven-member expert team to investigate the causes of the department store's collapse through Sept. 30.

The team will have a considerable amount of time to conduct a thorough investigation into the causes of the collapse, a prosecution official said.

Unauthorized Expansion Blamed

SK0507001795 Seoul THE KOREA TIMES in English
5 Jul 95 p 1

[FBIS Transcribed Text] With rescue operations and debris removal continuing for the sixth day at the wreckage site of the collapsed Sampoong Department Store yesterday, authorities initially determined that unauthorized expansion work of basement parking spaces was basically responsible for the Thursday disaster.

Despite yesterday's desperate efforts to save survivors, if any, no additional survivors were found. Twelve corpses were discovered yesterday.

Rescuers see chances of finding any more survivors from the tragic disaster dwindling significantly as nearly a week has passed since the collapse.

According to an official tally released by Seoul City Hall, the death toll rose to 119 and the number of injured reached 906, 355 of whom returned home after being treated at hospitals. Those reported missing number as many as 344.

A joint team from the Seoul District Prosecutor's Office and the National Police Agency confirmed that the department store recently conducted enlargement work on underground parking lots on the third and fourth levels without due legal procedures.

The store management pushed the construction work through despite a possibility of collapse due to a cave-in caused by expanding the parking facility through the elevator tower of the collapsed building, investigators said.

While investigating the actual causes of the collapse of the six-year-old structure, the investigators were concentrating on bribery connection between the department store managers and officials of Socho-ku Ward Office.

In particular, they plan to summon present and former chiefs of the ward office—Cho Nam-ho, who was elected to the post in the June 27 local elections, and former chief Yi Chung-u, to see if they were involved in the alleged payoff.

The joint investigation team was questioning a former official of the ward office, Chong Chi-hwan, 39, who handled the store's requests for design changes and temporary use of the building before the approval by the ward office in November 1989. Chong was caught by local police in Kosong, Kangwon-to Monday night.

Most ward officials allegedly involved in the construction work of the store were hiding themselves, the investigators said. The Justice Ministry earlier banned nine officials from leaving the nation.

Investigators were also inspecting bank accounts of officials suspected of having received money from the store management in return for allowing design changes and temporary use of the building facilities.

They questioned the arrested store executives, including chairman Yi Chun, 73, about how they could expand the store facilities without prior approval and if they gave money to the officials in return for their favor.

Death Toll at 124 5 Jul

*SK0507003395 Seoul YONHAP in English
0023 GMT 5 Jul 95*

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — Rescue operations and debris removal continued for the sixth day Tuesday at the wreckage site of the collapsed Sampoong Department Store in Seoul, but no new survivors were found.

However, the bodies of 16 victims were recovered Tuesday.

In addition, authorities believe a considerable number of bodies will be recovered Wednesday as concrete debris from the fifth and fourth floors and part of the third floor of the five-story building have been removed.

According to an official tally released by Seoul city officials, the death toll from the tragic man-made calamity rose to 124 and the number of injured reached 914 as of 7 AM Wednesday [2200 GMT 4 July]. Of the injured, 353 people have returned home after receiving medical treatment. Those reported missing number 337.

Almost a week has passed since the department store caved in last Thursday evening, and chances are very low that any of the missing will be rescued alive.

Over 5,000 tons of debris were removed from the site Tuesday. But officials believe that since the concrete slabs of the collapsed building are so thick it will take at least another week to complete the debris removal and body recovery operations.

Official Bribed To Okay Expansion

*SK0507011195 Seoul YONHAP in English
0104 GMT 5 Jul 95*

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — A former public servant from the Socho-ku city office confessed that he received several million won in bribes for his approval of illegal additions and modifications to the Sampoong Department Store building, which recently collapsed, investigators said Wednesday [5 July].

The joint investigation headquarters of the prosecution and the police said that it will ask the court to issue an arrest warrant Wednesday against the former public servant, Chong Chi-hwan, 39, on charges of bribery.

The five-storey Sampoong Department Store building with four basements collapsed last Thursday, killing and injuring hundreds of people.

Chong told the investigation team that Sampoong officials strayed from the original design of the building and enlarged the first, fourth and fifth floors of the department store by 2,000 square meters.

He was quoted as saying, "Sampoong asked for approval on the change of the original design, so I visited the site... and I found that they had already illegally enlarged the building. I gave them an ex post facto approval on the illegal enlargement after receiving about 3 million won."

However, there are many other public servants who allegedly received bribes between 1989 and 1994 from the department store, in relation to the government's approval on the building's temporary use, design change and the change in the intended use of the building, according to the investigation team.

The team is currently searching for the other public servants.

Kim Yong-sam Urges Punishment

*SK0507050195 Seoul YONHAP in English
0439 GMT 5 Jul 95*

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — President Kim Yong-sam said Wednesday that those directly responsible for the collapse of Sampoong Department Store, which killed or injured more than 1,000 people, should be given "heavy punishments," adding that he understood the people's demand that they be rather accused of homicide.

Speaking at a breakfast meeting of lawmakers and executive council members of the ruling Democratic Liberal Party at Chongwadae, Kim said the government

would shortly introduce a law bill providing heavy punishments for those responsible for man-made disasters such as the collapse of Sampoong Department Store.

Kim said he hoped to see the government-proposed bill passed in the current special session of the National Assembly.

Saying he had ordered the cabinet and the Seoul mayor to do their best to rescue as many survivors of the disaster as possible, the chief executive stressed that the government would by no means overlook those responsible for the building's shoddy construction, as the department store building fell only five years after its being constructed.

As for the recent local elections, Kim said the ruling party should humbly admit its defeat because it was "the will of the people and the heavens, as well."

"We must remember that the people are the master of the country," he stressed.

Referring to the outcome of the June 27 local elections, Kim described it as "the people's fierce whip on the DLP." "I, as the president of the ruling party, am solely to blame for it."

Kim then encouraged the lawmakers to have courage and confidence remarking, "opportunities arise in times of crisis and we will lose all if all we do is give in to the frustration and despair."

He emphasized that his government will continue to push for the change and reform programs it has pursued thus far. "We will seek reformatory programs with the people in the future," he said.

With regard to the new appointment of a DLP secretary-general and state minister for political affairs Wednesday, Kim explained it as a step to show the party's new look to the people, adding, "I hope the DLP members will unite under chairman Yi Chun-ku and act responsibly in the future."

He also pledged to do his best for the people and the country with a renewed determination. "As a president, I will work together with the people for peace and stability by humbly accepting the wishes of the people."

DP Urges Parliamentary Review

SK0507045395 Seoul YONHAP in English
0447 GMT 5 Jul 95

[FBIS Transcribed Text] Seoul, July 5 (YONHAP) — The main opposition Democratic Party (DP) demanded Wednesday [5 July] that the National Assembly invoke the parliamentary right to investigate the Sampoong Department Store collapse, to closely examine the

accident's causes in order to prevent such man-made disasters from happening again.

The DP fact-finding committee announced the interim results of its investigation, saying, "This accident was due to an accumulation of causes — shoddy construction, falsified safety checks of the Sampoong Department Store, poor administration of the authorities concerned and lack of leadership."

The committee urged the government to severely punish those involved in the disaster.

The party demanded that the prosecution charge those responsible with "murder of willful negligence," including the management of the department store, Chairman Yi Chun and President Yi Han-sang, who instructed the store's staff to remove high price goods like jewels from the building before it collapsed, but did not take any safety measures that could have saved customers' lives.

Kim Yun-hwan Appointed DLP Secretary General

SK0407025795 Seoul YONHAP in English
0252 GMT 4 Jul 95

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — President Kim Yong-sam Tuesday [4 July] appointed State Minister for Political Affairs Kim Yun-hwan to replace Kim Tok-yong as secretary-general of the ruling Democratic Liberal Party (DLP).

President Kim, who also heads the government party, appointed Rep. Kim Yong-ku new state minister for political affairs.

President Kim's appointment of Kim Yun-hwan as the DLP secretary-general indicates there will be a major change in his party's operations and in the party's future course following its defeat in the just-ended local elections.

Most party members accepted the reshuffle as a "surprising incident" because Kim does not belong to the so-called "Minju (Democratic) faction" which had monopolized the post of secretary-general in the past. Kim Yun-hwan is classified within the party as the "power man from the Minjung (Democratic Justice) faction" which is mostly comprised of followers of the previous No Tae-u government.

With the reshuffle, the ruling party's three key posts — secretary-general, floor leader and chief policymaker — are now held by the Minjung faction in addition to the party chairman and state minister for political affairs posts.

President Kim reportedly notified Kim of his appointment to the secretary-general's post during a luncheon

meeting Monday when President Kim reportedly asked him to exert his utmost efforts for the party's stability and consolidation.

A senior secretary at Chongwadae [presidential offices] said there will be no more immediate personnel shakeup in the party posts in connection with the June 27 local polls.

Meanwhile, a senior DLP official said the timing for a revamping of the party organization is flexible at the moment, adding that the additional shakeup of major party posts may take place in early August after President Kim's return from the United States or in early September before the National Assembly starts its regular session.

DLP To Seek Reform, Stability Simultaneously

*SK0407071095 Seoul YONHAP in English
0702 GMT 4 Jul 95*

[FBIS Transcribed Text] Seoul, June 4 [date as received] (YONHAP) — Newly-appointed secretary general of the ruling Democratic Liberal Party (DLP) Kim Yun-hwan said that his party will "boldly push for politics in which reforms and stability are simultaneously pursued."

Rep. Kim, who just replaced Kim Tok-yong in the powerful party post, told reporters on Tuesday [4 July], "it (pushing for reforms and stability simultaneously) doesn't mean that reforms will stop, but that reforms will help us realize stability."

He added that the ruling party will "accept with modesty the results of the local elections and make an analytic review of the reasons why people kept away from the DLP."

Flatly denying rumors that the DLP will introduce a vice chairmanship, Kim said, "I don't have any plans to reshuffle the party's hierarchy for now."

Commenting on amendments to the integrated election law, Kim stated that he will discuss the issue with opposition parties as the laws caused many problems during the elections.

National Assembly To Convene 5 Jul

*SK0407050795 Seoul YONHAP in English
0503 GMT 4 Jul 95*

[FBIS Transcribed Text] Seoul, July 4 (YONHAP) — The National Assembly will open its 11-day 176th special session on Wednesday [5 July], the first parliamentary sitting since the three-party system took hold in the recent local elections.

The three parties — the majority Democratic Liberal Party (DLP), minority Democratic Party (DP) and United Liberal Democrats (ULD) — are expected to engage in heated debates about the recent collapse of a ritzy department store in Seoul, the alleged forgery of a classified Foreign Ministry document and the rice aid to North Korea, among other issues.

The DLP will first introduce legislation for effective disaster management, as the heavy casualties of the department store collapse and the gas explosion at a Taegu subway construction site make such a law an urgent necessity.

It will also call on the government to pursue a consistent North Korea policy, as it considers the government's recent policies inconsistent as revealed in the rice deal struck with the North last month.

Regarding the alleged forgery of a Foreign Ministry document, the DLP will make an issue of the case citing DP Vice President Kwon No-kap and Asia-Pacific Peace Foundation Chairman Kim Tae-chung for their political immorality.

It will also play up the government's efforts to hold the local elections in a fair and honest manner, while attributing the regional rivalries resulting from the local elections to the opposition's agitation of regional sentiments during the campaigns.

The two minority parties will also make issues of the department store's collapse, particularly, its shoddy construction, a South Korean freighter being forced to hoist a North Korean flag while carrying rice to a North Korean port, the alleged document forgery case and the DLP's accusing of DP Seoul mayoral candidate Cho Sun's personal history during the local election campaigns.

Strong Real GNP Growth Predicted in 1995

*SK0407004395 Seoul THE KOREA TIMES in English
4 July 95 p 8*

[FBIS Transcribed Text] Real GNP growth for this year is expected to reach 8.7 percent, up 0.5 percent from last year, boosted by strong performances in the automobile and iron and steel industry.

The Korea Institute for Industrial Economics and Trade (KIEIT) said in a report yesterday that the economy is estimated to grow 9.6 percent in the first half and is expected to grow 8 percent in the latter half, averaging 8.7 percent this year.

However, sluggish investments, coupled with a slowdown in consumerism, will cause the GNP growth to

lose some momentum, keeping it at around 7.2 percent next year, they projected.

The researchers said the strong performance this year will be made possible by brisk industrial activities,

especially in the automobile sector where firms are expected to break 1 million units this year.

The steel industry is also expected to make a significant contribution to the economic growth.

Burma**SLORC Begins New Offensive in Karen State**

BK0407032095 Oslo Democratic Voice of Burma in Burmese 1430 GMT 1 Jul 95

[FBIS Translated Text] It has been learned that civilians have been killed or wounded in the SLORC [State Law and Order Restoration Council] military units' new offensives in Karen State. The ABSDF [All Burma Students' Democratic Front] source says the SLORC military units with nearly 1,000 soldiers from five battalions under the Southeast Military Command have been staging new offensives in the regions controlled by 4th Brigade of the KNU [Karen National Union] since the third week of June. There were at least six clashes between the SLORC and KNU units since the offensives began on 17 June. It has been learned that one KNU soldier and nearly 20 SLORC soldiers were killed in the clashes.

The SLORC's 401st, 403d, 404th, 405th, and 409th battalions — together with nearly 1,500 porters — are taking part in the offensives. Sporadic clashes are taking place, and the SLORC units are shelling the KNU frontline camps with heavy weapons. Moreover, the SLORC units also shelled and destroyed Thabyechaung Village in the region with heavy weapons on 25 June. Due to the shelling, over 100 villagers fled the village and arrived at Amaya Village near Thai-Burmese border on 29 June. The villagers say Saw Kyar Khin, aged 22, from Kyaukhto Village and another villager were shot and killed when the SLORC troops chased and fired shots at fleeing villagers. Villagers from the nearby villages who are afraid of the SLORC troops are also fleeing. It has been learned that about 500 refugees are heading toward the Thai-Burmese border and Buddhist monks, pregnant women, and children are among the refugees.

It is the second such offensive staged by SLORC military units following the offensives in the KNU 4th Brigade region in January. The KNU, the most powerful organization in more than 40 years of civil war, is the only group that has not reached a cease-fire agreement with SLORC. According to the ABSDF report dated 30 June, the SLORC units are simultaneously staging offensives on the 4th Brigade region and the region under the KNPP [Karen National Progressive Party] that has reached a cease-fire agreement three months ago.

SLORC Offensive Against Kareni Reported**Statement Condemns Attack**

BK0307143595 (Internet) BurmaNet News in English 3 Jul 95

[Statement by the National Council of the Union of Burma statement on 2 July 1995 concerning the current military actions of SLORC in the KNPP controlled area]

[FBIS Transcribed Text] 1. The SLORC [State Law and Order Restoration Council] entered into a cease-fire with the KNPP (Karen National Progressive Party) on March 21, 1995. SLORC has broken the fundamental agreement and has been preparing for military actions since the second week of June.

2. The KNPP issued a statement on June 28 stating that the KNPP had agreed to the cease-fire because SLORC had agreed to 16 points put forward by the KNPP. Among those 16 are the following:

- The present military status quo in both the SLORC-designated and the KNPP-designated areas was to be maintained.
- There was to be a cessation of the practice of forcing civilians to act as military porters in the whole of Kareni.
- There was to be a cessation of the practice of collecting porter fees in the whole of the Kareni area. (Porter fees are bribes paid by civilians to SLORC military officers to avoid being forced into portering.)

3. In spite of the cease-fire agreement, SLORC took the following actions in Loikaw beginning in June:

- Forced civilians to act as military porters and began collecting porter fees bribes from civilians.
- Seized civilian trucks and horses to use for military transportation.
- Used 10 regiments to launch a military offensive against the KNPP.

The stated reasons for these SLORC violations of the cease-fire are preparation for border tension that will be aggravated by the political change in Thailand following the Thai national election and to suppress the stealing of logs.

4. In reality, the true objective of SLORC is to control the Kareni-Thai border area and to surround, block and increase the pressure on the KNPP. This is a systematic ploy to weaken the activities of the KNPP.

5. Like several other ethnic organizations, the KNPP entered into a military cease-fire with SLORC because of

hardships, restrictions and pressure. We are convinced that the organizations that have entered into military cease-fires with SLORC wish to endeavor to continue to find, under each organization's particular circumstances, a political resolution aimed at establishing genuine nationwide peace.

6. However, by breaking the cease-fire agreement with the KNPP with its recent military activities, SLORC is causing the prospects for finding a political resolution, by negotiation with the organizations that have entered military cease-fires, to fade away.

7. SLORC violently suppressed the 1988 popular democratic uprising; it crushed the peaceful opposition forces who rejected the 1990 May elections; it pretended to establish peace by putting various pressures on ethnic armed organizations who refused to enter into cease-fires.

8. These ploys by SLORC will not bring genuine long lasting peace. On the contrary, they will cause indefinite civil war and threaten the peace and security of the entire region.

9. Should SLORC have a desire for genuine, long lasting peace it needs to show mutual respect, establish equal relation, and recognize all legitimate political forces. This would lead to genuine peace negotiations.

10. To improve the welfare of the people and to achieve a political resolution between SLORC, the democratic forces led by Aung San Suu Kyi, and the ethnic armed organizations it will be necessary to carry out a negotiated working plan for starting the democratization process in Burma. In order to achieve it the participation of the internal and the international community is appreciated.

'Source' Describes Fighting

*BK0507100195 Hong Kong AFP in English
0926 GMT 5 Jul 95*

[FBIS Transcribed Text] Bangkok, July 5 (AFP) — A dissident Burmese student group Wednesday denounced the Rangoon junta for launching military attacks against the Karen despite having signed a peace accord with the ethnic minority four months ago.

A Karen source reached by telephone at the Thai border town of Mae Hon Son told AFP there were reports of fighting early Wednesday at Ku Yun village north of Loikaw. He said one Karen fighter was killed and two were wounded, while the attacking soldiers were thought to have suffered greater losses.

The report could not be immediately confirmed.

The All Burma Students' Democratic Front (ABSDF) said in a statement that 10 Burmese army divisions had begun attacking Karen areas in eastern Kayah state on June 30.

"The justification (for the attacks) was that troops were sent for the security of the state because of the Thai national election (on July 2)," it said. "Then they said it was to prevent the Thais from stealing logs."

"ABSDF regards this as just a pretext to wipe out the KNPP troops," it said, referring to the fighters of the Karen National Progressive Party.

The students also accused the Rangoon junta of "instigating anti-Thai spirit among its army personnel and (the) Burmese people in order to divert (attention from) the political crisis they are now facing."

ABSDF said the offensive against the Karen was merely a "pretext to hang on to state power. It "strongly denounced" the attacks and the junta's "cosmetic peace talks with the ethnic groups."

A welter of Burmese ethnic groups, including the Karen, began fighting for greater autonomy against a succession of Rangoon governments shortly after independence in 1948.

The military government in Rangoon last year began pursuing ceasefire agreements with individual groups and now claims [word indistinct] only the Karen National Union remains in rebellion.

Khin Nyunt Meets With Archbishop From Loikaw

*BK0507041995 Rangoon TV Myanmar Network
in Burmese 1330 GMT 3 Jul 95*

[FBIS Translated Text] Catholic Archbishop (Sotero Hwamo) from Loikaw in Kayah State called on Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council and chairman of the Work Committee for the Development of Border Areas and National Races, at the Defense Services Guest House on Inya Road at 0750 today. They held discussions on the continued tranquility, prosperity, and development activities in Kayah State, which has already achieved peace.

Brigadier Gen. Abel, minister of national planning and economic development; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; and high-ranking military officers also attended the meeting.

Brunei, Malaysia & Singapore**Singapore****Editorial Dismisses U.S.-Japan Car Deal**

*BK0407061895 Singapore BUSINESS TIMES
in English 30 Jun 95 p 24*

[Editorial: "Not a deal to shout about"]

[FBIS Transcribed Text] Although the eleventh-hour agreement reached in Geneva yesterday between Japan and the US on trade in cars and car parts comes as a relief, it's not a deal worth cheering about.

Sure, in a sense, everybody comes out a winner. More US-made cars and car parts entering Japan will mean lower prices for Japanese consumers. Higher levels of production by Japanese carmakers in the US will mean more jobs for American workers — although it will also mean more competition for Detroit's big three: General Motors, Ford and Chrysler. The fact that Japan will extend commitments to roll back some regulatory barriers to other countries on a most-favoured nation basis will mean European and Asian carmakers stand to gain as well. US President Bill Clinton and Japanese Trade and Industry Minister Ryutaro Hashimoto can proclaim victory to their respective political constituencies. And the world has been spared the prospect of a trade war between the two economic giants — for now.

There is much jostling by both sides to claim the negotiating honours. The US insists that its efforts to open the Japanese car market are going to be "measurable". It suggests that Japanese purchases of US car parts will increase 50 per cent in three years and that the number of Japanese dealers stocking American cars will rise by 1,000 over the next five years, from 1,800 at present. The Japanese are at pains to point out that these are US estimates and that the agreement does not specify numeric targets.

But which side blinked is not so much the point. Nor is it particularly important to speculate on whether the "voluntary" plans announced by Japanese car makers to step up production in the US were indeed voluntary, or whether those plans were in the works anyway. No, the important question is: what does this agreement mean to the overall trade relationship between the US and Japan and for the future of the multilateral trading system. The answer: not very much. As far as the US-Japan trade relationship is concerned, the critical thing to note is that the agreement addresses problems in one particular sector — albeit an important one. It does not address the broader systemic issue of market-wide trade barriers. Thus, while Detroit's big three might walk away temporarily mollified — just as US

semiconductor manufacturers did some years ago — a few months down the road another US industry-lobby could be demanding the use of the crowbar to pry open the Japanese market. Then the familiar, unpleasant cycle will begin all over again: the invocation of draconian trade laws, threats of sanctions, brinkmanship and high-wired negotiations in Geneva. And next time, a trade war may not be averted. The essential point is, the mere fact that an agreement has been reached on cars should not blind us to the reality that this was no shining example of how trade disputes should be addressed or resolved.

Far better would be to focus on market-wide barriers that affect all sectors, and to do this in the right multilateral forum, namely the World Trade Organisation [WTO]. If some issues do not fall within the WTO's purview at present, the priority should be to expand the organisation's mandate. If the US and Japan were to spend more of their energy doing this and less on battling each other bilaterally, they would win the thanks — and the help — of the world.

Editorial on APEC Trade Liberalization Issues

*BK0507024695 Singapore THE STRAITS TIMES
in English 3 Jul 95 p 36*

[Editorial: "APEC: Get a move on!"]

[FBIS Transcribed Text] When leaders of countries belonging to the Asia-Pacific Economic Cooperation (APEC) forum met in Indonesia last November, they produced the Bogor miracle: a plan to bring about free trade and investment in the region by 2010 for developed members, and by 2020 for other members. It was miraculous because few had expected such an ambitious plan, containing dates for implementation, to be accepted. But it was realisable, too, because it acknowledged realities on the ground which made it difficult for all the members to liberalise at the same pace. By taking note of their concerns and reservations, and yet emphasising a time-frame for liberalisation, the Bogor declaration achieved a balance and underscored the seriousness of purpose behind the forum. The document was a consensual effort for which Indonesia, the host of the meeting, was deservedly commended. It also raised hopes that Japan, the current host, would preserve the momentum and produce a comparable wonder at this November's summit in Osaka. But as a meeting of senior APEC officials begins in Sapporo today, APEC's promising prospects appear to have been clouded by Tokyo's cautious approach to an action plan for liberalisation, and a rather spirited American response to what they see as free-riding by other members.

These differences have crystallised around Japan's favoured "concerted unilateral approach", or CUA, which permits a member to liberalise at its own pace and does not commit others to respond with a quid pro quo. The US, however, prefers a "coordinated liberalisation" approach with fixed timetables and deadlines and binding commitments by members. The emphasis is on quick, specific and measurable results. Instead of merely discussing how to achieve free-trade goals by 2010 and 2020 — though that remains on the agenda ultimately — it wants all Uruguay Round tariff commitments to be respected, with cuts proceeding on a common schedule and based on common principles, and with clear targets at every stage of reduction. Also, it thinks that trade concessions should be made only for three to four years at a time, rather than stretch all the way to 2020. Beginning with trade-freeing steps that can be taken as early as 1996 and 1997, it wants to see concrete moves made in the near term, and has suggested 18 areas which can form the basis of a political declaration at Osaka.

Admittedly, the Japanese approach has the merit of flexibility, which respects APEC's diverse membership and which many members find attractive. However, the danger is that flexibility can slip into inaction undermining APEC's credibility and disenchanting those pressing hard for genuine liberalisation. Again, the Japanese are correct in saying that the forum is an evolving process. However, it is hard to see how it can evolve effectively if liberalisation is left to the unilateral actions of individual members whether or not these move the grouping forward.

This is where the Sapporo meeting can provide a road map for the journey from Bogor to Osaka. This is all the more important given the disagreement between Japan and the US over the best route to take. Its seriousness was underlined last month when Mr Shojiro Imanishi, APEC's executive director, accused the Americans of having made "a U-turn" on the forum and jeopardising preparations for the Osaka meeting. The charge was denied swiftly, but the point is that APEC cannot afford disagreement of this kind between its two most powerful economies. Sapporo offers senior officials from the grouping an opportunity to thrash out these differences and agree on a plan of action. If labels matter, it could perhaps be called a "coordinated unilateral timetable for liberalisation", a term combining the best in both positions. It might sound a mouthful, but it is certainly better than soporific Sapporo, especially after the Bogor miracle and the awaited Osaka wonder.

Cambodia

Rangsi Calls Expulsion 'Mini Coup d'Etat'

BK0407031795 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 2 Jul 95 pp 1, 5

[Report by Neay Tek]

[FBIS Translated Text] Sam Rangsi, who was expelled from the National Assembly on 22 June and who left Cambodia the next day for Japan, France, and some other countries, was expected to launch appeals or campaigns to hoodwink foreign countries into putting pressure on or making a denunciation of the sovereign Cambodian National Assembly, which decided his expulsion.

The anticipation has now come true. CAMBODIA DAILY quoted Sam Rangsi as claiming in his letter sent from Paris on the night of 29 June that his dismissal from the National Assembly was like the historic coup d'etat that toppled Head of State Prince Norodom Sihanouk in 1970.

Sam Rangsi said: "A mini coup d'etat was effectively staged in Phnom Penh on 22 June 1995. The event triggers the remembrance of the tragic 18 March 1970 military coup in which Prince Sisowath Sirimatak [prime minister of U.S.-backed Lon-Nol government] and Lon Nol [head of state of Republic of Cambodia] used force to coerce the National Assembly into violating the constitution and trampling on the people's sovereignty, which was a mockery of democracy, and to turn the National Assembly into a mere rubber-stamp parliament."

Sam Rangsi's statement, whether it was a comparison or an insinuation, constituted an accusation against and contempt for the decision made by the National Assembly. The word coup d'etat used by Sam Rangsi does not conform to the definition and significance of the word itself.

Legally, Sam Rangsi had been expelled by the FUNC-INPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party as a member of its Executive Committee and as a party member. The move was a precursor of a decision by the National Assembly to expel him as an MP. The National Assembly made its decision based on the Constitution, the assembly internal regulations, the electoral law, and the principles of the Paris 23 October 1991 accord.

In a statement issued on 27 June, First Prime Minister Prince Krompreah Norodom Ranariddh proudly said: "The decision by the National Assembly on 22 June clearly shows our people and the whole world that in spite of outside pressures, our National Assembly

properly fulfilled its duty as a paramount and sovereign organ in making the decision within the framework of an independent and sovereign Cambodia."

The prince krompreah recalled Sam Rangsi's past slanders against Cambodia, saying "he claimed that the Kingdom of Cambodia was a mafia state, forgetting who is the head of state; called the National Assembly's bill outlawing the Khmer Rouge that he, himself, had also approved, a thief law; called the National Assembly of the Kingdom of Cambodia, which has been elected by the people, a despicable parliament; called the Royal Government of Cambodia [RGC], which has been appointed by the supreme National Assembly, a thieving government; called his former party and party leader traitors; purposely acted to besmirch his former party leader's honor by suing him at a French tribunal; insulted the two prime ministers; frequently and groundlessly criticized and attacked with lies the RGC; inciting, in words and in writing, uprising and insurrection, and creating public disorder."

In the statement, the prince krompreah added: "In this world, it is hard to find a democratic party or the government and parliament of a democratic country that can remain as patient and perceptive for as long as we have... those actions exceed the right to object."

CAMBODIA TODAY, in its 30 June issue, quoted an Asian diplomat who asked not to be named as saying: "Should this problem occur in Malaysia, Singapore, or any other democratic country, such dissidents would certainly be sent to jail."

Impact of Rangsi Ouster on Assembly Decried

BK0507102695 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 3-4 Jul 95 pp 1, 2

[Report by Meanup]

[FBIS Translated Text] The 22 June expulsion of [former Finance Minister] Sam Rangsi has started a kind of virulent epidemic that is spreading throughout the inner circle of the National Assembly [NA]. Following his expulsion, some political parties that have parliamentary seats have also requested the NA to sack their MP's [members of parliament]. This move has upset a number of MP's and could probably cause an uproar if the requests were carried out.

Samdech Son Sann and four of the Steering Committee members of the Buddhist Liberal Democratic Party [BLDP] have recently decided to sack [BLDP First Vice Chairman] Ieng Muli from the party Steering Committee and the party. They have already presented a request [for the expulsion of Ieng Muli as an MP] to the NA as well.

As for Ieng Muli and the other 15 Steering Committee members, they have already held two or three meetings and have already convened meetings of the party provincial committees to organize a party congress this month with a view to rejecting the decision by Samdech Son Sann and preparing the election of a new party chairman. Ieng Muli will be one of the candidates.

Son Chhai, who was appointed the party's provisional secretary general by Ieng Muli's steering committee at a recent meeting, also talked about the fragility of his parliamentary seat due to the precedent set by the dismissal of Sam Rangsi as an MP.

Now the disease is spreading to the parliamentary seat of Ros Roeun, an MP from the Molinaka Party, through a request presented to NA Chairman Chea Sim by the party chairman, Prum Neakareach. The latter asked the assembly chairman to sack Ros Roeun from the supreme body on the grounds that he had already been sacked from the Molinaka Party for violations that affected the party's internal regulations.

In a 26 June letter to the NA, Prum Neakareach requested that Ros Roeun be removed and replaced by Saom Sa-moeun, whose name also appears in the Kompong Cham constituency's nominal list. Ros Roeun was sacked on 8 June by the party Steering Committee at a meeting attended by 10 of the 12 steering committee members.

Prum Neakareach's Steering Committee held that Ros Roeun had violated the party's internal regulations by:

1. Severing contact with the party chairman against Articles 4 and 5 of the party internal regulations;
2. Defaming the party chairman and party leadership with the intention of assuming exclusive control of the party, thus creating an internal division;
3. Secretly recruiting and incorporating a group of people as civil servants contrary to Article 3 of the party internal regulations;
4. Repeatedly refusing the party chairman's invitations to account for his wrongdoings; and
5. Allegedly carrying out activities opposing the government's policy against Article 11 of the party internal regulations.

The dismissal of Ros Roeun from the party was unanimously approved.

The case of Ros Roeun is identical to that of Sam Rangsi, but so far it is not yet known whether the NA, specifically the assembly Standing Committee, has already made a decision on the issue.

Om Rasadi, a member of the NA Standing Committee, told REAKSMEI KAMPUCHEA by telephone that he

had not yet received any letter from Prum Neakareach and did not know what decision would be made.

All in all, analysts hold that the issue of party leaders demanding the expulsion of their MP's has now become a trend and is spreading because of the infectious influence of the Sam Rangsi case. It is believed that although the National Assembly's decision to dismiss an MP was made strictly in keeping with a request by the chairman of a party and based on the Constitution, the assembly internal regulations, the electoral law, or the Paris peace accord, the expulsion has rocked the National Assembly and created uproar within the assembly's inner circle due to criticisms at home and abroad.

At least it should be understood that the National Assembly, which is the supreme organ of a sovereign and independent country, has made decisions correctly in accordance with the people's wish, without yielding to outside pressure.

AFP: Army Confirms Loss of Treng to KR

*BK0507074495 Hong Kong AFP in English
0729 GMT 5 Jul 95*

[FBIS Transcribed Text] Phnom Penh, July 5 (AFP) — Government officials on Wednesday confirmed that the Khmer Rouge [KR] had captured the key army post at Treng about 42 kilometers (25 miles) south of Cambodia's second largest city Battambang, after a fierce battle.

"About 300 to 350 Khmer Rouge attacked the military base at Treng accompanied by six or seven tanks and supported by artillery," on Tuesday Ministry of Information spokesman Sieng Lapresse told reporters here.

"We tried hard to resist and the attack lasted for two hours, but then we lost Treng to Khmer Rouge hands," he said.

But he added that the government was optimistic that the military would take it back and that fresh troops would soon be sent to assist. He said he did not know when the reinforcements would arrive.

Sieng Lapresse said the guerrilla's capture of Treng was not part of a "big offensive" but rather was typical of Khmer Rouge hit-and-run attacks during the rainy season.

Treng, a small collection of huts and barracks, was the last government military outpost on National Route Five before the Khmer Rouge stronghold at Pailin.

Khmer Rouge Claim Military Successes

An Seh Border Post 'Liberated'

BK0507043695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Jul 95

[FBIS Translated Text] 1. At 0600 on 3 July our National Army completely swept and liberated the An Seh position in Choam Khsan District, Preah Vihear Province. We seized 24 assorted firearms — including two 12.7-mm machine guns, one Kolonov, five B-40's, one 60-mm mortar, two DK-82's, seven AK's, three AR-15's, and three pistols — one generator, a large communications antenna, 360 sacks of rice, and a large quantity of ammunition and materiel. We killed two enemy soldiers on the spot and destroyed three AK's.

2. Some two-headed soldiers inside the position also took part in this attack. They were angry with the nation-selling two-headed traitors Hun Sen, Chea Sim, Ranariddh, and Tie Banh and other traitorous chieftains in Preah Vihear Province whose only concerns are shady business deals and pilfering the soldiers' pay, leaving the rank and file hungry. It was reported that rations were sent to the soldiers from here and there, but they were sold to traders by the commanders. The indignant soldiers then contacted and joined the National Army of Democratic Kampuchea in attacking and liberating the An Seh position.

Route 4 Rendered Impassable

BK0507043995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Jul 95

[FBIS Transcribed Text] 1. It should be recalled that on 30 June our National Army and the people cut off Route 4 by digging 18 pits on a two-kilometer stretch between Kompong Seila and Stoeng Samraong.

2. The situation on Route 4 now is that it has become impassable to the two-heads who cannot travel or transport anything from Kompong Som to Phnom Penh.

3. The National Army of Democratic Kampuchea and the poor peasants are joining hands in implementing the line of guerrilla and people's warfare, especially in more numerously and widely producing and planting assorted punjis and making and placing assorted mines on and along both sides of Route 4. They are determined to continue cutting Route 4 into sections with hundreds of pits until this highway is rendered completely impassable like Route 12 and Route 6 east of Siem Reap, Route 68 and Route 69, and the railroad and Route 5 between Phnom Penh and Poipet.

Khmer Rouge 'Minister' Discusses War

BK0507025795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 2 Jul 95

[“News conference” by Mak Ben, “minister in charge of rural areas, agriculture, and water conservancy and representative of the Provisional Government of National Union and National Salvation,” on 3 July; place not given — recorded]

[FBIS Translated Text] [Mak Ben] Greetings to all compatriots. Today, 3 July, the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] examined and discussed the real nature of the war of the communist Vietnamese aggressors, which is continuing endlessly.

As all our people know, the current two-headed administration is the exclusive administration of communist Vietnam under the exclusive dictatorial control of the Communist Party of Vietnam. The war that is being waged by the two-heads and the villainous alliance against the Cambodian nation and people is the continuation of the above-mentioned war of the communist Vietnamese aggressors that was started in late 1978. This war of the communist Vietnamese aggressors has continued to rage after the Paris accord was signed in October 1991. Communist Vietnam, UNTAC [UN Transitional Authority in Cambodia], and the alliance did not implement the Paris accord. Communist Vietnam, UNTAC, and the alliance entirely preserved the regime of the communist Vietnamese puppets from top to bottom and both in Phnom Penh and in the provinces. The elections were fascist elections dictated by UNTAC, the alliance, and communist Vietnam to bring together two factions and create the two-heads to carry on the war of the communist Vietnamese aggressors to these days.

This war has victimized the entire Cambodian nation and people, causing them untold havoc, misery, and suffering. It has affected both security and stability of the entire region. Communist Vietnam has waged the war in all forms and aspects, including the military war; the demographic war by swamping Cambodia with millions of land-grabbing immigrants; the economic war by implementing a tactic of impoverishing the rural areas and starving the people; and also the propaganda, psychological, pacification, corruption, and social wars, bringing AIDS and prostitutes and corrupting and perverting Cambodian youngsters. This means that communist Vietnam has been waging an all-out war to wipe out Cambodia by turning this country into another Kampuchea Kraom [former Cambodian territory annexed by Vietnam]. However, thanks to the struggle of the entire

Cambodian nation and people, Cambodia has not dissolved. Communist Vietnam has failed in its attempt to swallow up Cambodia, and it will never be able to do so. Cambodia continues to stand tall. The Cambodian nation and people have risen up, fought, and defeated the exclusively communist Vietnamese war in 13 years of struggle and then the communist Vietnamese war continued by UNTAC, the alliance, and the two-heads in another four years of struggle.

The force that has overcome the enemy has been generated by the national hatred and the determination of our entire nation and people in the countryside, Phnom Penh, and abroad never to die and never to become another Kampuchea Kraom. The display of an extremely powerful fighting force by our nation and people during the past 16-17 years vindicates this truth: the entire Cambodian nation and people struggle resolutely against the war of communist Vietnam and the war of the two-heads and alliance, and they succeed absolutely in preventing present-day Cambodia from becoming another Kampuchea Kraom.

This struggle of the nation and people is also for the sake of national reconciliation and peace. If there is no genuine national reconciliation, and peace and if the war of communist Vietnam, the alliance, and the two-heads continues, the struggle for national salvation will also continue resolutely. The fighting force of the nation and people currently directed against communist Vietnam's war and against the traitorous, nation-selling, extremely corrupt two-heads is growing, developing, and becoming even stronger than ever before everywhere, in the countryside, in Phnom Penh, as well as abroad.

The PGNUNS and the National Union Party have struggled most persistently and have staunchly adhered to their unflagging stance — that is, to unite firmly and undeviatingly with our entire nation and people and to struggle resolutely for national reconciliation, peace, national unity, and the rallying of all national forces with the aim of ending the war of communist Vietnam, a war that is being ignited and continued without any end in sight; and also with the aim of solving the increasingly critical national and social problems. Our nation and people do not want the two-heads who betray the nation, sell the country, are extremely corrupt, are the out-and-out lackeys of communist Vietnam, and are the war implement of communist Vietnam. The two-heads have caused extreme hardship, misery, and suffering to our people both in the countryside and in Phnom Penh. Even those in the two-headed National Assembly and two-headed government have very acute differences with the two-heads over national, social, and personal issues. The nation and people want honest politicians who care for the country's interests and want to join hands in

salvaging the nation and setting up a national front, a genuinely national government to fight for the end of communist Vietnam's war, oppose the traitors, the nation sellers, and rally all national forces and honest political personalities to solve the national and social problems and rebuild the country. All these solutions should be carried out under a democratic system, a parliamentary system, and a market system like in ASEAN countries.

These are the main points raised at the 3 July cabinet meeting that I would like to relate to all my compatriots.

[Correspondent] Thank you, Excellency. On behalf of the PGNUNS radio, I would like to ask you the following question: What is the cause of the increasingly serious hunger situation in all provinces of the country, and how can it be solved?

[Mak Ben] This hunger situation is a very serious problem affecting the people throughout the country. People are starving everywhere; 2-3 million people have been unable to get even rice gruel to eat. Many have died from hunger. In the face of this situation, what the two-heads have done is to continue to ignite communist Vietnam's war, to conscript more soldiers, arm them, and send them to fight and die for them. The taxes that they have extorted from the people are all used to finance communist Vietnam's war. The money obtained from abroad has also been spent to finance communist Vietnam's war. Even the rice donated by humanitarian organizations has not reached the hands of the needy and hungry people. Communist Vietnam, master of the two-heads, has taken the lion's share and left the remainder of the aid to be divided among the two-heads, the brass hats in the army and police, and the provincial and district bigshots. Some of the relief goods can be found on sale in the market places while some is destined for feeding the war.

July, August, September, and October — the next few months — constitute the transitional season leading to the harvest. Then, the people will suffer more serious, heart-rending famine. The PGNUNS has publicly demanded again and again that the two-heads immediately end communist Vietnam's war, stop conscripting people into the army and militia and as forced laborers in their old and new schemes so that the people can tend their land and work for their livelihoods, thus preventing them from being deprived of food and being starved to death.

The people's hunger is caused by communist Vietnam's war and the war of the two-heads and alliance. It is caused by the presence of the now more than 4 million ethnic Vietnamese and their continuing flow into the country. Look, how much are the 4 million-plus

Vietnamese immigrants controlling and plundering our land, lakes, rivers, forests, businesses, and especially the rice of our people? A great deal. Every year as much as a million metric tons of our rice are shipped away. Our entire nation and people clearly see the root cause of this starvation problem. It is caused by the war of the communist Vietnamese aggressors; it is caused by the fact that the two-heads are traitors who sell their own country and are extremely corrupt. Our nation and people are rising up and waging the struggle everywhere. They are fighting in the countryside and in Phnom Penh. Not a single person can stay idle without getting involved in the struggle. The people clearly understand that if they struggle, they will survive and will be able to save the country and perpetuate the nation, people, and race.

[Correspondent] Thank you, Excellency.

Indonesia

International Court Ruling on Timor Gap Viewed

Resistance Figure Comments

BK0407021895 (*Internet*) INDONESIA Listserv
in English 1105 GMT 1 Jul 95

[Statement by Jose Ramos Horta, special representative of the National Council of Maubere Resistance, commenting on the International Court of Justice's decision on the Timor Gap case between Portugal and Australia — issued in the Hague on 30 June]

[FBIS Transcribed Text] We welcome the sentence that has just been handed down by the International Court of Justice on the case Portugal vs Australia as a victory for the people of East Timor inasmuch as the highest UN legal body has endorsed the right of the people of East Timor to self-determination .

It is well-known that the essence of the Portuguese Republic's case against Australia rested on the merits of the right of the people of East Timor to self-determination. This right is universally recognised in several United Nations' General Assembly and Security Council resolutions. Even Australia stated during the oral proceedings that it recognises the right of the people of East Timor to self-determination.

The sentence that has just been read should be a signal to Indonesia that as much as it tries to suppress the right of the people of East Timor to self-determination, the Rule of Law will prevail.

It is also a clear sign to Australia that its hypocritical stance, pretending to be a law abiding citizen of the world while at the same time it violates one of

the peremptory norms of international law, has been thoroughly exposed.

The Portuguese Republic must be commended for its integrity and courage in standing up for justice and for the right of a small nation. This 800-year old country of a brave and proud people that for centuries pioneered the sea routes opening up most of the world, was first among the European nations in the exchange of culture, has been true to its great and rich history. The East Timorese will for ever be indebted to the Portuguese people for their friendship, support and solidarity. They were fully behind Portugal in this case and mandated the Portuguese Republic to take Australia to the world court.

Successive Australian governments have betrayed the people of East Timor and trampled upon the values of justice and freedom for all peoples shared by Australians. While we have only contempt for the hired guns and mercenaries in the Australian legal squad and condemn the Australian Government for its pathetic and hypocritical behaviour, we must not confuse them with the Australian people who share with the East Timorese the same notions of peace and human liberty and have been generous to us.

The ambitions of Foreign Minister Gareth Evans to be the next UN Secretary General and a Nobel Peace Prize laureate have been severely damaged by his own arrogant and hypocritical stance over the conflict in East Timor and the human rights situation in Indonesia. We will canvas support around the world to defeat Mr Gareth Evans' attempts to be the next UN Secretary General. In these trying times, the UN needs a candidate with integrity, a humble man or woman, a good listener, cool under pressure; and not a volatile, unpredictable, temperamental, self-serving and arrogant politician with a pasted up book on the UN.

Daily Welcomes Ruling

BK0407031595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 3 Jul 95

[From the press review]

[FBIS Translated Text] The International Court of Justice [ICJ] has ruled in Australia's favor in its dispute with Portugal over oil exploration in the Timor Gap. The ICJ rejected Portugal's challenge to a 1989 oil treaty between Australia and Indonesia.

The daily ANGKATAN BERSENJATA says the decision will strengthen Indonesia's position in the effort to settle the East Timor issue through diplomatic channels. The daily believes that, in the wake of the court's decision, it would be hopeless for Portugal to refer the

East Timor issue to an international forum of justice for settlement. This is because there is no court higher than the ICJ to hear Portugal's challenge against Indonesia.

The daily says the only facility that Portugal can use now is the diplomatic channel. The prospects for this are also gloomy, however, because for 13 years the majority of UN member countries have felt that there is no longer a need to place the East Timor issue on the agenda of the UN General Assembly.

Maubere Resistance Condemns 'Propaganda Ploys'

BK0407025195 (Internet) INDONESIA Listserv in English 0734 GMT 2 Jul 95

[Media release] by National Council of Maubere Resistance: "Jakarta show ploy ahead of Indonesia-Portugal ministerial East Timor meeting" — issued on 2 July; place not given]

[FBIS Transcribed Text] As has become habitual, in anticipation of the next round of UN Secretary General-sponsored talks between Indonesian and Portuguese Foreign Ministers on the disputed territory of East Timor, Jakarta is again intensifying its clumsy propaganda ploys.

Reports received today mention the recent arrival in Jakarta of 30 East Timorese youths to hold "An evening in East Timor" show at a Jakarta hotel owned by President Suharto's family. Organisers plan to add further East Timorese students currently in Java and Bali to the group, to reach a total of 60 participants. Their show had been initially scheduled for 17 July, to commemorate Indonesia's 20th "integration" anniversary of East Timor, an integration not recognised in international law, as the International Court of Justice strongly reiterated on 30 June. The show has now been brought forward to 7 July, on the eve of the talks between Foreign Ministers Ali Alatas and J. Durao Barroso, to take place on 8 July in Geneva.

The unhappy group of dancers and artists, headed by Zitu, whose father was shot dead in Dili by invading Indonesian troops on 7 December 1975, has been accommodated in Jakarta in a hostel normally used by moslem hajj pilgrims. Forced to stay in a moslem environment, the Catholic East Timorese are unable to practice the rites of their faith. They have asked that these, for their distressing circumstances, be reported to the Head of the East Timorese Catholic Church Bishop Belo.

Indonesian authorities have ordered group members to appear happy and cheerful at all times, especially dancers when on stage. Lizia Amaral, daughter of East Timorese pro-integration figure, and Indonesian

National Commission on Human Rights member Clementino Amaral, has strongly warned members to avoid the embarrassment of a recent USA and Europe tour. Much to the irritation of the Indonesian organisers, the lack of enthusiasm of East Timorese performers accompanying a cultural tour led by Suharto's daughter Tutut was very obvious to the audiences.

Among the unfortunate participants of this latest command performing group is the daughter of Jacinto Alves, whose father is currently serving a jail sentence in Java. Another participant, Carlos (not real name), a clandestine nationalist activist, who has been a frequent arrest target of Indonesian intelligence operatives in Dili, expressed his disappointment at this totally manipulated performance, adding "but what can we do, they [the Indonesians] oppress us and we have to obey and pretend to the world that we are happy".

Members of the group have asked that their sad situation be brought to the attention of the outside world, and that no credence is given to this latest act of dishonest Indonesian propaganda.

Portuguese Report on Fretilin Strength 'Rubbish'

BK0507025395 Jakarta MERDEKA in Indonesian
3 Jul 95 p 1

[FBIS Translated Excerpt] Dili, Sunday [2 July]. MERDEKA — Infantry Colonel Mahidin Simbolan, commander of the Wira Dharma 164 military sub-area command, has reiterated that the current security situation in East Timor is peaceful and under control. There is no sign of unrest as the tripartite meeting among Indonesia, Portugal, and the UN secretary general to discuss the East Timor issue draws closer. The meeting will open in Geneva on 8 July. [passage omitted on regular maintenance of security in East Timor]

Asked to comment on a Portuguese radio broadcast that said the Fretilin [Revolutionary Front for an Independent East Timor] now has 7,000 members and is ready to cause disturbances in the province during the tripartite meeting, Simbolan said it was utter rubbish.

"Who do you believe? Fretilin is left with just 200 members and 106 firearms. They are exaggerating such a huge membership. Do you know that Portugal issued the report with the objective of disrupting the Geneva meeting," Simbolan asked. [passage omitted on Portuguese radio broadcast]

"This is a lie. As you all know, they just want to confuse the people and create a new political move [preceding word published in English]. The broadcast was also aired to change international opinion on East Timor," Simbolan said.

Minister Notes Increase in Foreign Investments

BK0507094095 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 4 Jul 95

[FBIS Translated Excerpt] Sanyoto Sastrowardoyo, minister of state for investment and chairman of the Investment Coordinating Board, said foreign investments are increasing rapidly. As of June 1995, 373 projects valued at U.S.\$20.03 billion were approved. This represents a 284.6 percent increase in investments compared to the corresponding period last year.

Speaking after reporting to President Suharto at Bina Graha Palace in Jakarta this morning, Minister Sanyoto explained that up until June 1995, a total of 112 domestic investment projects valued at 28 trillion rupiah were approved. Some 370 projects with a total investment value of 25.7 trillion rupiah were approved during the corresponding period last year.

Regarding the volume of investments, President Suharto expressed his hope that the Investment Coordinating Board will continuously supervise and manage the projects until they reach a higher level of realization compared to that of the previous projects. [passage omitted on Suharto to present awards to model investors]

Telecommunications Contract Awarded for East

BK0507062195 Jakarta THE JAKARTA POST
in English 27 Jun 95 p 1

[FBIS Transcribed Text] Jakarta (JP) — The government has selected a consortium led by Indonesia's Bukaka Group and Singapore Telecommunications Limited as the the winner of the joint operation contract for the telecommunications network in Indonesia's eastern islands.

"With this last selection, all the joint operation contracts for the telecommunications networks in the five regions offered to Indonesian-foreign joint ventures have been awarded," Jonathan L. Parapak, secretary general of the Tourism, Post and Telecommunications Ministry said yesterday.

Parapak said the Bukaka-Singtel consortium would invest at least U.S.\$300 million to operate and install 403,000 new telephone lines in the country's eastern islands.

The consortium, he added, will also include Transpact Capital Private of Singapore and three cooperatives based in the eastern islands which cover Sulawesi, Bali, Nusa Tenggara, Maluku and Irian Jaya.

The government announced on June 19 the winners of the joint operation contracts for the telecommunications networks in four regions: The Astra- France

Telekom consortium Sumatera (460,000 lines) U.S. West Incorporation-Rajawali Group for West Java (500,000 lines), Indosat-NTT-Telstra for Central Java (440,000 lines) and A. Latief Corporation-Telekom Malaysia for Kalimantan (237,000 lines).

Under this joint operation contracts, the investor/contractors will operate the existing telecommunications system and install new telephone lines in their respective regions for 15 years.

Parapak said early last week that the winner for the contract for the eastern islands had yet to be decided because only the Bukaka-Singtel consortium had submitted a bid for that region.

"But the evaluation team has made its decision and the Bukaka-Singtel consortium was selected as the winner," Parapak added.

He hoped that the five consortia would complete the incorporation of their respective joint venture companies under Indonesian law before the end of the year so that they could immediately start operations in January.

Laos

Authorities 'Battling' To Stabilize Kip

BK0507095295 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 4 Jul 95 p 1

[FBIS Transcribed Text] Laos prepares to celebrate its 20th anniversary under the Lao People's Revolutionary Party, the authorities are battling to control the kip and stabilise the economy.

"The Laotian government is concerned about the weakness of the kip because it affects people's confidence in the currency which, in turn, affects the government's credibility," said one analyst who sought anonymity.

The weakness of the kip also affects investment, especially ongoing projects of which costs were estimated before the kip's devaluation two months ago under the influence of the US dollar's plunge against the yen.

The Laotian currency was around 720 to the dollar and 29 to the baht before it plummeted to about 750 and 32 in May.

Its downward trend fuelled inflation from about eight per cent in January to 10.5 per cent in May. Prices of consumer products in the markets, most of which are imported from Thailand, rose accordingly. Laotians and even the government-controlled media have been complaining about the higher cost of living since the start of the year.

A Thai bank in Vientiane estimates inflation at 11 per cent, but some claim the true rate may be as high as 20 per cent.

The government has been holding regular meetings in an attempt to stabilise the currency. The National Bank estimates up to \$40 million or one billion baht have disappeared in the market.

Commercial banks in the Laotian capital are monitoring the foreign exchange rate daily.

The official rate is about 785 kip to the dollar and 32 to the baht, but several sources confirm rates of 800 and 35 on the black market, which many bankers blame for fuelling the kip's weakness.

Since May, Laotian authorities have closed down about private 20 foreign exchange shops in Vientiane in order to control the rate. Only five remain open.

Other measures include an order from the central bank, dated June 22 and effective June 23, to increase the interest rate on savings from 12 to 16 per cent and cut the lending rate from 29 to 22 per cent.

State Bank governor Butsabong Suvannavong made it clear the order was to encourage savings to bring back money into the system.

But diplomats and bankers question the real intention of the order—the lower credit rate contradicts its objective.

"If the government wants to promote savings, it should increase the lending rate instead of making it low," a banker said.

The National Bank governor declined to clarify the matter when asked by Inside Indochina.

Bankers also complain the interest rates make their operations more difficult. It will certainly affect banks' profits in the country, including those of all six Thai banks with branches in Vientiane.

"But we have to play by the rules," a banker said.

Thai bankers are not surprised at the instability of the kip.

It was expected, they said, owing to an accumulation of problems resulting from the Laotian government's poor monetary and fiscal management and longstanding trade and budget deficits.

Laos is dependent on imports of consumer products, while its exports are mainly logs and wood products.

Vientiane has a budget deficit of least \$100 million per year, leaving the country dependent on international aid and grants. Its trade deficit last year accounted

for \$111 million from exports worth \$315 million and imports worth \$426 million, according to the Commerce Ministry's Office of Commercial Affairs.

International financial contributors were pushing for the government to manage government expenditure effectively to resolve the budget deficit, analysts said.

That has put pressure on the government to find ways to increase its revenue, including the sharp increase in road tax this year and charges for public utilities last year.

"This problem will not be solved until Laos can generate revenue from selling electricity from hydro-power dams," a banker said.

Information Minister Discusses Trip to Cambodia

BK0207082195 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 1 Jul 95

[FBIS Translated Excerpt] Osakan Thammavea, minister of information and culture, returned to Vientiane yesterday after completing his seven-day visit to Cambodia at the invitation of the culture minister of the Kingdom of Cambodia.

The Lao information and culture minister granted an interview to Lao reporters at the VIP Room at the Wattai International Airport on the success of his visit to Cambodia.

He said that during the visit he was warmly welcomed by the Cambodian culture minister and key high-level officials of the ministry. While in Cambodia, he and his delegation held talks with Cambodian counterparts. He also had the chance to visit many cultural places. Among them was an arts school where there were Lao students. People there asked him to convey their regards to the Lao graduates from that college who are now working as teachers in Laos.

Osakan Thammavea also visited an acrobatic training school, ancient sites, and Siem Reap Province.

In all, during the visit, he exchanged views and experiences and held talks with his Cambodian counterpart, and visited places. He noted that in the past two years, Cambodia has made rapid growth and progress in each field. The living conditions of Cambodian people are good, while gradual improvements have been made in restoring peace and order. Regarding the social aspect, Cambodia has made comprehensive developments. It has renovated ancient places and objects. In the past, Cambodia was the country rich in culture. It will only have to revive them and make them public property.
[passage omitted]

National Assembly Delegation Departs for SRV

BK3006162395 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 30 Jun 95

[FBIS Translated Text] A delegation of the Legal Affairs Commission of the Lao People's Democratic Republic National Assembly led by Khambou Sounisai, member of the party Central Committee, vice chairman of the National Assembly, and chief of the National Assembly Legal Affairs Commission, left Vientiane at noon yesterday on an official friendship visit to the SRV.

The visit, scheduled to continue until 7 July, comes in response to an invitation from the Vietnamese National Assembly Legal Affairs Commission. During the visit, our Lao delegation will hold a consultative meeting and exchange experiences with a delegation from the Vietnamese National Assembly Legal Affairs Commission. It will also call on high-level Vietnamese leaders and is scheduled to visit some economic, cultural, and social establishments.

Russian Senate Delegation Visits 30 Jun-2 Jul

BK0507093595 Vientiane KPL in English
1034 GMT 3 Jul 95

[FBIS Transcribed Text] Vientiane, July 03 (KPL) — A delegation of the Senate of the Russian Federation led by its Vice Chairman Viktorov Valalian Nikolayevich left here for home yesterday afternoon, ending its official cordial visit to Laos between June 30 to July 2.

On July 1, the Russian delegation paid a courtesy visit to Mr. Saman Vi-gnaket, Politburo member of the Lao People's Revolutionary Party Central Committee and president of the National Assembly [NA], at the National Assembly. During the meeting, the Lao NA president expressed hope that the visit to Laos by the delegation of the Senate of the Russian Federation would expand the friendly ties, solidarity and cooperation between Laos and Russia, in particular between the two legislative bodies. He also wished the visiting delegation success in its Laos visit.

Before the courtesy visit to the Lao NA president, the Russian delegation had held talks with a delegation of the National Assembly led by Mr. Vongphet Saikueachongtoua, vice president of the National Assembly and chairman of the Ethnic Minorities Commission. The two sides informed each other of their domestic situation in their respective countries and talked of international situation. They also exchanged views on orientation, forms and ways of relations and cooperation in the immediate future and in the long run between Laos and Russia as well as between the two legislative bodies.

The two sides expressed satisfaction over the fostered ties of friendship and cooperation between the Lao PDR [Lao People's Democratic Republic] and the Russian federation.

Mr. Vongphet Saikeuyachongtoua stressed on the traditional solidarity and assistance of the Lao-Russian peoples in the period of the struggle of national-democratic revolution as well as in the period of national defence and construction of Laos. He also expressed thanks and gratitude for the valuable and efficient support and assistance to Lao people granted by the former Communist Party of the Soviet Union, the Soviet Government and people as well as by the Russian people.

Viktorov Valalian Nikolayevich expressed congratulations over and highly valued the renovation policy of the Lao PDR.

He expressed profound thanks for the warm welcome to his delegation provided by the National Assembly, government and people of the Lao PDR.

The Russian delegation invited a delegation of the Lao National Assembly to pay an official cordial visit to Russia between May to August 1996. The invitation was accepted but the fixed dates will be later determined.

While here, the high-level delegation of the Russian Senate laid a wreath at the monument for unknown soldiers and visited some places of interest in Vientiane prefecture. The Russian delegation also called on Mr. Khamphoui Keoboualapha, vice prime minister and president of the Committee of Planning and Cooperation, Mr. Souban Salithilat, acting foreign minister.

Philippines

Ramos Stresses Opposition to French Tests

*BK0307124795 Hong Kong AFP in English
1229 GMT 3 Jul 95*

[FBIS Transcribed Text] Manila, July 3 (AFP) — Philippine President Fidel Ramos on Monday reiterated his opposition to French nuclear tests in the South Pacific but avoided a confrontational stance in his meeting with Margie Sudre, the French state secretary for Francophony.

Philippine Foreign Secretary Domingo Siason said both he and Ramos raised the nuclear test issue separately in their meetings with Sudre, with Ramos reiterating Philippine concerns about the nuclear tests.

He also said that Sudre presented Ramos with a letter from French President Jacques Chirac, explaining what France described as the need for the tests, and reassuring him on the importance placed on Philippine-French ties.

Sudre, in an interview with AFP, said earlier that she believed Ramos had been "reassured" by the explanation and "understood" the reason for resuming the blasts.

Siason later said Ramos "understands the reason but is still against it. Of course, the president is intelligent. He understands but he does not agree."

"I hope that they would really reconsider their decision since you can see relations between France and other countries in Asia and Pacific (are) beginning to deteriorate," Siason said.

In contrast to other Asia-Pacific nations that took a hardline stance against France, Philippine officials made no threats against Paris and even tried to use Sudre's visit to expand economic relations.

Members of the French delegation also said Chirac's letter called for "the intensification of cooperation projects between Paris and Manila," particularly in the economic field.

Siason noted that French trade with the Philippines had been growing to 400 million dollars last year. French loans to the Philippines reached 280 million dollars.

France is set to conduct a series of blasts from September at its South Pacific site of Mururoa Atoll.

Proposed Provisional Mindanao Government Viewed

'Mixed Reactions' From Christians

*BK0407061695 Manila BUSINESS WORLD
in English 29 Jun 95 p 7*

[Report by Inocentes A. Gulle]

[FBIS Transcribed Text] Gen. Santos City, South Cotabato — Residents of Christian communities in the city and the province have mixed reactions on the prospects of being under an Islamic government.

Placing Mindanao under an Islamic government was proposed by Moro National Liberation Front (MNLF) chief Nur Misuari in the ongoing talks with the government.

But Muslim communities, mostly in the shoreline settlements of Sarangani, welcome the idea.

A major apprehension of some Christians, especially the early settlers who experienced the turbulent years of the 1940s and 1960s, is the reemergence of Muslim elements who looked down on Christians, especially from those in Muslim communities in the hinterland.

Misuari had said that only the establishment of the Tripoli Agreement-defined autonomous government can bring peace in Southwestern Mindanao.

Absalom Cerveza, a former Protestant minister who grew up in Banga, South Cotabato and is now one of the spokesmen of the MNLF, said Christians need not be apprehensive of the Muslim government setup since they can vote Christian leaders in the autonomous government.

A similar setup now exists under the Autonomous Region for Muslim Mindanao which is composed of Lanao del Sur, Maguindanao, Sulu, and Tawi-Tawi.

Cerveza cited the advantages of an autonomous government such as the promise of the Organization of Islamic Conference to provide funding for the development of the region.

Abu Sayyaf

Meanwhile, reports gathered from police informants and other sources said Abu Sayyaf leader Abdurajak Janjalani arrived in a remote western coastal village of Sarangani late last month seeking refuge in the area.

The terrorist leader has reportedly gained the friendship of a certain Kumander Tigre, a leader of a MNLF group operating in the area. Other splinter rebel groups have also reportedly joined the extremist force.

The same sources said foreign terrorists, possibly Pakistanis, are in the area assisting in the training of new recruits.

There are about 40 Abu Sayyaf guerrillas with Janjalani and seven foreigners in the area. These are reportedly camped at Datu Dani, Kiamba, Sarangani.

The group is reportedly armed with an M-60 light machine gun and other high-powered firearms including some anti-tank missiles.

Sarangani Governor Priscilla Chiongbian confirmed the presence of the seven Pakistanis training some 100 new rebel recruits, but claimed their activities will be hampered with the deployment of special action force police units and army crack troops in the area.

But moderate Moro Islamic Liberation Front (MILF) regulars residing near Gen. Santos City told BUSINESS WORLD they have not personally seen the terrorists and Janjalani.

The reported tactical alliance between MILF and Abu Sayyaf is yet to be confirmed by the former's leadership.

Meanwhile, the local amnesty board of South Cotabato, through Resurrecion Salmorin, peace program officer,

said 114 rebels have applied for amnesty as of last June 1, the deadline for receiving amnesty applications.

Mr. Salmorin said most of the applicants came from the New People's Army and MILF.

Ramos: Plebiscite Necessary

BK0407035895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 2 Jul 95

[FBIS Translated Text] President Ramos asserted that a plebiscite is needed in order to resolve the demand of Moro National Liberation Front [MNLF] for provisional government in Mindanao. The president made this announcement during the second Mindanao Leaders' Forum. According to the president, the MNLF should be certain first whether the people in Mindanao would like to join his proposed provisional government. Earlier, MNLF Chairman Nur Misuari insisted that the request for setting up of provisional government should be granted first as a signal for the dawning of peace in Mindanao.

On the other hand, government chief negotiator Manuel Yan said that Congress should pass a bill first, granting the president emergency power to resolve whatever crisis may arise in Mindanao; and then a plebiscite could follow to find out if the people would like to join the provisional government of the MNLF. According to Yan, only if these issues are resolved can the provisional government demanded by Nur Misuari be set up.

Nevertheless, the president believes that the peace talks with the Muslims will be concluded before the end of the year.

MNLF Chief Denies Threats

BK0507102395 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 4 Jul 95

[FBIS Translated Text] MNLF [Moro National Liberation Front] Chairman Nur Misuari strongly denied he threatened to take harsh steps against the government if it insisted on subjecting Misuari's proposed provisional government in Mindanao to a plebiscite. In a meeting with Executive Secretary Ruben Torres, Misuari made it clear that he was ready to negotiate peacefully with the government to push for MNLF demands, including the appeal to Congress to grant President Ramos emergency power to enable him to take action on the issue of a provisional government. Misuari expressed full support for the peace talks between the government and the MNLF although he is aware that many members of congress are against the establishment of a proposed provisional government in Mindanao.

Ramos Visits South To Seek Support

*BK0407021195 Quezon City Radio Filipinas
in English 0230 GMT 3 Jul 95*

[FBIS Transcribed Text] In General Santos City, Mindanao, Philippine and foreign investors on Sunday [2 July] signed an agreement worth P[Philippine pesos]2 billion or \$80 million to develop the troubled southern island of Mindanao, home of Muslim separatists and extremist rebels.

The biggest of the 11 agreements signed in the presence of President Ramos called for the establishment of a P1 billion or \$30 million palm oil project involving the Malaysian company Merasa Berhad and local investors. The second biggest project involving Sime Darby Filipinas [Philippines] provides for the expansion of a (?16) rubber plantation and establishment of [word indistinct], a government spokesman said.

President Ramos was visiting southern General Santos City and nearby areas to seek the support of Muslim and Christian politicians for his efforts to negotiate a peace settlement with the Moro National Liberation Front, MNLF. The MNLF has [word indistinct] a (?33-year) struggle for Muslim self-rule in the southern island where more than 50,000 have died in the conflict. Some Muslim extremists demanding a separate homeland oppose any settlement with Manila.

Malaysian interests were also involved in two other projects signed on Sunday, including the state-owned Sabah Fish Marketing Company which agreed to have a local fishing firm set up a cold storage facility. Another project calls for manpower training of Maguindanao residents by joint venture involving Malaysian Petronas Dagangan and Philippine National Oil. The Taiwan firm [words indistinct] Investment Holdings agreed to develop telecommunications in Bukidnon Province in a joint venture with local companies worth P100 million.

President Ramos hailed the agreements as part of government's efforts to fulfill Mindanao's economic promise.

Bank Governor Discusses IMF Economic Agreement

*BK0407062195 Quezon City MALAYA in English
30 Jun 95 pp 13, 14*

[Report by Ditas B. Lopez]

[FBIS Transcribed Text] Bangko Sentral Pilipinas [BSP — Central Bank of the Philippines] Gov. Gabriel Singson yesterday said the government prefers not having an economic agreement with the International Monetary Fund if the latter insists on the continuation of restrictive monetary policies.

"I would rather not have any agreement if we cannot comply with the commitments," Singson yesterday said at a breakfast forum in Manila Pavilion.

The yearly agreement on broad economic targets is required under the three-year \$684-million Extended Fund Facility program extended by the IMF in June 1994.

Failure to meet the targets could mean the scrapping of the program and the loss of the \$624 million balance due from the IMF.

The IMF money is not substantial, but having an agreement in place constitutes a seal of good housekeeping that strengthens the country's negotiating position with official and commercial creditors.

Singson said the continued rise in domestic liquidity as a result of economic expansion has undermined the government's compliance with its IMF commitments.

Singson said he will enter into an agreement with the IMF only if the monetary ceilings are adjusted to "realistic and doable" levels.

An IMF team is currently in town looking into the government's request to raise the monetary ceilings.

Economic officials believe the current program has become too restrictive.

To keep monetary levels below the ceilings, the Bangko Sentral has to mop up excess liquidity to the point of jacking up interest rates to levels that discourage business activity.

Bankers at the same forum said the government is in the right track in seeking an easing of credit.

Rafael Buenaventura, president of the Philippine Commercial and Industrial Bank and of the Bankers Association of the Philippines, said demand for funds have substantially been rising due to the improved business prospects.

Buenaventura said the loan portfolios of banks have increased by an average of 30 percent, with some banks experiencing increases of up to 50 percent.

"People are really investing," he said.

He said more credit should be available to finance the expansion of industries, the purchase of capital equipment for the manufacturing industry, and the construction of infrastructure facilities such as power plants.

Jesli Lapus, president of Land Bank of the Philippines, said higher monetary ceilings should stabilize domestic interest rates which at one point last year rose to as

high as 22 percent because of the BSP's mopping up operations.

"I think we have a good case with the IMF. The current targets are really constricting economic growth," he said.

On another sticky issues with the IMF, the BSP said it was willing to scrap a rule requiring local companies to seek approval from the BSP for their borrowings abroad.

Singson said the rule was not intended to restrict foreign borrowings. It was adopted mainly to monitor the level of foreign borrowings.

"We are ready to remove these (regulations) if these are construed as restrictions, provided we are assured we can keep track of the levels of foreign borrowings," Singson said.

The IMF said a borrower may just be required to submit reports on their foreign liabilities.

Singson, indicating he was lukewarm to the proposal, said: "What if they did not submit a report? What will be the sanctions if they do not give us a report?"

The IMF is also seeking the elimination of the foreign exchange forward cover for oil companies.

Singson said the forex cover does not constitute government subsidy to oil companies. It is an instrument meant to protect oil companies from fluctuations in the foreign exchange.

Singson said this is not a restriction but an instrument to protect the oil firms from the fluctuations of the exchange rate.

The forex cover is down to 90 days, from the original 180, and is programmed to be phased out early next year.

Ramos Speech Marks Air Force Anniversary

BK0507064895 Quezon City Radio Filipinas
in English 0230 GMT 3 Jul 95

[Speech by Philippine President Fidel Ramos to mark the 48th anniversary of the Philippine Air Force; place, date not given — recorded; passages in italics in Tagalog]

[FBIS Transcribed Excerpt] [Passage omitted — greeting distinguished guests; congratulatory remarks] Today our focus is upon the fresh start of what is [word indistinct] the Philippine Air Force and the entire Armed Forces of the Philippines, which is the challenge of modernization.

The challenge before us today, dear brethren and fellow men, is can we achieve this? [shouts]

*We can! Your response is very soft, let us make it louder.
Can we achieve this? [shouts]*

We can! You, over there, can we achieve this? [shouts]

*We can! We can, says the Philippine Air Force. [ap-
plause]*

Because our defense priority is to bring about air power that is credible and protective, the Air Force is given [word indistinct] opportunity to realize modernization, which is its fondest dreams. Among your higher tasks is putting in place a viable air defense capability, a crucial element upon which we anchor our national security.

But we must recognize that modernization should not be directed solely at our Air Force, but should at the same time serve to satisfy our overall aviation needs, because we have to make full use of our resources. For the Philippine Air Force, this means an integrated team effort with the civilian sector. That the Philippine Air Force must enter into close partnership with leaders in civil aviation and in industry is not a mere passing concern, but an important duty. This is, in fact, a requirement that air forces around the world today have found inescapable. It is also an imperative of our own Air Force.

[Words indistinct] that we must optimize the benefits of modernization by bringing about a solid air power foundation for both our defense and national industrialization thrusts. By taking this two-pronged approach, the Philippine Air Force fulfills its twin duties of securing the country's skies and of helping to expand the economy's growth horizons and contribute to human resource development.

Global trends and in our region suggest that it is now time for our Air Force and the rest of the Philippine aviation industry to come out of the shadows of [word indistinct] traditional programs. We must create a new aerospace culture which combines the vision of the future and the cutting edge of the present. The Air Force, as a (?spearhead) of aviation development, must now undertake this challenge with the competence worthy of its name.

Can we achieve this? [shouts]

We can! Your response is very soft. [laughter]

A year ago, ladies and gentlemen, I exhorted the Philippine Air Force to explores (?mergers) obligation for its assets and I reiterate that guidance today. I am especially pleased that the air surveillance package that this command has programmed can also serve the civil air traffic modernization program of the Air Transportation Office of our Department of Transportation and Communications. Very few of our people know that the operation

of military radars make civilian air travel safer and increases our net revenues through overflight charges. I also note that the Philippine Air Force has earmarked joint use applications for the patrol craft it has programmed for acquisition and this will greatly help in our efforts to protect our territorial claims and our rights within our exclusive economic zone and contain maritime and ecological degradation.

Our people are familiar enough with domestic flights and rescue missions of the Philippine Air Force during calamities and other emergencies, and there is no doubt that the Philippine Air Force will continue to pursue this lifesaving duty on a year-round basis with the courage and self-sacrifice that it has shown in the past; with the same courage and spirit of self-sacrifice that it has shown in the past. [applause]

Are your receivers not functioning? [laughter]

You have done much to [word indistinct] the equipment that you have. I am confident you will (?achieve) even more when the modern search and rescue helicopters are (?fielded) into service. A significant portion of your airlift missions is devoted upon the service and development concerns, including rainmaking and transport. This dictates the acquisition of new generation aircraft that can perform with greater efficiency in a variety of tasks. As your commander in chief, I am certain that we shall reap great dividends from the modernization of the Philippine Air Force and I know that every centavo spent for your modernization will yield returns many times more than the investments; many times more than the investments. [applause]

But you will also have to catch up on your flying skills.

Can you do this? [shouts]

We can! Your voice is very soft.

For we will soon have fly-by-wire technology right in our midst, and this will enable our pilots to fly with the best and be among the best. [applause]

Self-reliance will continue to be our guiding principle in undertaking modernization. We will push self-reliance to new heights by matching research with technology upgrading and production expansion in (?country). We should be alert to capture and apply the new technology that comes with modernization (?without losing) sight of our goals — to build a high-flying Air Force and reach [words indistinct]. To achieve this, we need not only dedicated people but especially highly trained, more capable, forward-looking men and women in the matter of command. For far more than merely acquiring or installing latest equipment, the development of our human resources is the most meaningful component

of our modernization. Air Force modernization will require leaders who are adept at instituting joint ventures (?under) build-operate-transfer, or BOT arrangements, or knowledgeable about new weapons systems; who are trained in the latest skills; and who are first class in management. We need team players who have the ability to work well with others who may have different expertise and approaches.

As the Philippine Air Force acquires new capabilities, it will have to share its resources and skills with its civilian counterparts to optimize benefits that will speedily push forward the country's aviation industry. Finally, these people will draw inspiration from the past achievements of the Air Force and carry these achievements to a higher plane.

Ladies and gentlemen, I am certain that our plans for the Air Force will result in renewed confidence not only in the defense sector but also in civil aviation, and we must synergize civil aviation and air defense. Our acquisition program must therefore incorporate [words indistinct] and countertrade arrangements for acquisition and technology transfer to (?well) fast track the upgrading of our industrial base and the quality of our labor force. As the Air Force prepares for and confront the challenge of modernization, I expect the defense and aviation industries to grow with the national economy. And as our internal conflicts diminish, we will more and more be brought into the realm of technological competition. We see it as an opportunity that should be welcomed by the Air Force, which performs best when it is required to compete; which performs best when it is required to compete. [applause] [passage omitted on government plan to upgrade airports]

Air Force Commander Details Modernization Plans

BK0507020895 Manila MANILA BULLETIN
in English 29 Jun 95 pp 1, 6

[FBIS Transcribed Text] The Philippine Air Force (PAF), with an approved ceiling budget of P [pesos] 50 billion allotted by Congress, will acquire in the next five years a squadron of multi-role jet fighters, reconnaissance and cargo planes, state-of-the-art surveillance and communication equipment, and surface-to-air missiles (SAMs).

Lt. Gen. Nicacio Rodriguez, Jr., PAF commanding general, said the huge sum represents a third of the total of P170 billion earmarked by the government for the modernization program of the Armed Forces of the Philippines [AFP].

In a press conference highlighting the PAF's 48th anniversary on July 1 held at the Hall of Flags of

the PAF headquarters in Villamor Air Base in Pasay City, Rodriguez said top priority of the Air Force's modernization program is the acquisition of a squadron of 24 US F-16, the French Mirage, or the Israeli K-fir jet fighters to enhance the country's air defense network [as well] as to bring the AFP to the level of its ASEAN (Association of Southeast Asian Nations) neighbors.

The PAF, however, may not be able to purchase the Israeli K-fir and South African Cheetah because the AFP modernization law provides that military equipment to be acquired must be used by at least three countries, including the country where they are manufactured.

The PAF will also have three more F-5A planes from South Korea.

Former PAF commanding generals Loven Abadia and Leopoldo Acot have both admitted in the past that with its aging F-5 Freedom fighters, acquired in the early 1960s and now numbering less than 10 nationwide, the country virtually has "zero defense capability" and the only way to reverse the situation is to acquire modern jets.

Aside from the five aging F-5A, the Air Force has 18 accident-prone Augusta S-211 trainer jets.

To jumpstart the modernization program, Rodriguez said the Air Force is expected to acquire three second-hand F-5E fighter jets from South Korea.

Thailand

U.S. Stance on Liberalization Examined

Central Bank Official Comments

BK0507063995 Bangkok BUSINESS DAY in English 4 Jul 95 p 2

[FBIS Transcribed Text] The United States could be excluded from World Trade Organization (WTO) talks if it continues to find fault with the plans of developing countries to liberalize their financial sectors, a senior Bank of Thailand (BOT) official said yesterday.

Thirachai Phuwanatnaranuphon, director of the central bank's Financial Institutions Supervision and Development Department, said Washington feels that the plans of some nations — including Thailand's — offering to free their financial industry do not go far enough.

The US stance has led to a one month postponement of WTO negotiations on the matter.

If the United States is still not satisfied with revised plans submitted to the WTO, Mr. Thirachai said the superpower may be excluded from negotiations.

Washington would then be forced to negotiate directly with these countries and by such practice may establish a precedent for other countries which are not willing to meet WTO standards, especially if bilateral talks resulted in a favorable settlement for a nation, said Mr. Thirachai.

This in turn could hamper the future of the world trade body, he added.

"Thailand will survive if the United States is excluded from the WTO [[talks] because the United States is only disputing Thailand's offer for liberalization of the insurance industry. But direct negotiations for privileges among trade partners may prevail," he said.

'Satisfied' With Efforts

BK0507041495 Bangkok BANGKOK POST in English 5 Jul 95 p 17

[FBIS Transcribed Text] Despite recent reports to the contrary, the United States is satisfied with Thailand's efforts to liberalize its trade and services under the World Trade Organization [WTO] framework, said deputy permanent secretary for Commerce Karun Kittisathaphon.

On June 16, U.S. Trade Representative Mickey Kantor threatened to withdraw Thailand's Most-Favored-Nation [MFN] status, saying the country was not doing enough to open its insurance industry.

The MFN status grants lowered import tariff rates on exports to the U.S.. U.S. trading partners have condemned the U.S. for using MFN status, Generalized System of Preferences concessions and the Special 301 trade provisions as unilateral trade sanctions. The U.S. has often withdrawn or threatened to withdraw these trade concessions as a means of forcing its trading partners to yield to various U.S. demands.

Mr Karun commented that when Mr Kantor made the remarks, he had probably not yet seen Thailand's June 15 proposal which would allow five new banks to be established and would also liberalize the insurance business, allowing foreigners to own up to 49% of life insurance and general assurance businesses within the next five or six years.

He added that the European Union has asked that the deadline for the liberalization of trade and services under the WTO be extended until July 28.

Stock Board Divided on Foreign Ownership Limits

*BK2806164895 Bangkok BUSINESS DAY in English
28 Jun 95 p F1*

[Report by staff writer Oranan Phawiwan]

[FBIS Transcribed Text] Proposals to set a 25 percent limit on foreign interests in local brokerage companies figure prominently tonight at a Stock Exchange of Thailand (SET) board of directors meeting, an exchange executive said yesterday.

"Some board members want the issue brought up," said the executive, who added that other board members may not want to settle the controversial matter.

SET President Seri Chintanaseri said that work establishing criteria on the qualifications of sub-brokers wishing to apply for full broker status was nearing completion pending a ruling on the foreign ownership limit, which currently stands at 49 percent.

He added that applications for the six vacant positions would be accepted immediately on the ownership issue being settled.

"No difficulty is expected at (today's) meeting and applications for new brokers should be finished by September this year, Mr Seri said.

"If the meeting resolves to fix foreign holdings at 25 percent, applicants which have substantial foreign-owned stakes should not be affected because eventually they will revise their shareholding structures in order to meet the requirements, said Mr Seri.

The proposal to lower the level of foreign investment permitted in financial bodies has gained some support from both local and overseas brokers.

An executive official at Nawa Finance and Securities however, said the proposal may lessen the attractiveness of the Thai capital market.

"Foreign investor may turn to capital markets in neighboring countries instead, he said.

The source also said that the shareholding limit is contradictory to the government's liberalization policy for financial markets, aimed at creating a free market in line with the World Trade Organization (WTO) agreement.

"The Revolutionary Decree 281 which stipulates that Thai partners must hold a majority stake in companies is already effective in protecting Thai ownership in securities companies, the source added.

However, a source at an overseas securities company, who wished to remain anonymous, expressed a more favorable point of view on the SET proposal, which is

aimed at preventing foreign investors from dominating Thai securities business.

We object to the proposal because we want to obtain higher profit on our larger shareholding positions. We never meant to take over management roles," he said.

The proposal, however, is seen in some industry circles as a means to prevent six sub-brokers which are seeking brokerage membership from obtaining the required licenses.

Upon attaining full broker status, the six would be able to handle trade orders from foreign investors themselves, which could result in a shortfall in revenue of existing brokers.

Among the six companies seeking broker licenses are Peregrine Nithi Finance and Securities, in which Peregrine Securities International holds a significant number of shares. Premier Finance and Securities has a securities business co-operation arrangement with Swiss Bank. Thai Rung Ruang Finance and Securities has a similar arrangement with Kerry Securities.

Si Thana Finance and Securities and SCB Securities have links with DBS Singapore and Merrill Lynch International Bank respectively, while Japan's Yamaichi Securities has a holding in Chao Phraya Finance and Securities.

Ministry Likely To Allow New Foreign Banking

*BK0307095595 Bangkok BANGKOK POST
(INVESTMENT & PROPERTY Supplement) in English
3 Jul 95 p 1*

[Report by Sunrat Bunyamani and Cholada Ingisawang]

[FBIS Transcribed Text] United States' rejection of a global pact to open finance service markets may prompt the Finance Ministry to announce a package of conditions this week for foreign Bangkok International Banking Facilities (BIBF) banks to upgrade as full branches.

This is because the rejection of the United States means bilateral negotiations may resume and that the United States will increase pressure on Thailand to open its market for foreign banks' access, according to a Bank of Thailand source.

The Finance Ministry is also likely to announce a package of conditions and qualifications for more foreign banks to apply for new BIBF licences, and also a package of conditions allowing foreign bank branches to open provincial branches, the source said.

The source said the Finance Ministry originally planned to wait for the new government to handle these issues.

But the move by the United States suddenly increased pressure on Thailand, and it would be too late if the Finance Ministry waited for the new government to be formed.

The source said such announcements would not mean new policies, but were only parts of measures set in a Financial Master Plan and a commitment of Thailand given to the General Agreement on Trade and Services (GATS).

Under such commitment, Thailand will have to announce a package of conditions for foreign BIBF banks to upgrade into full branches by July. Between five and seven foreign offshore banks will be given branch licences, the source said.

Also, each foreign bank incorporated here will be allowed to open two more branches in the provinces — also to be announced by July.

The Finance Minister is authorised to approve packages without seeking prior permission from Cabinet, the source said.

Packages were completed under a joint agreement between the Bank of Thailand and the Finance Ministry two weeks ago and are now ready to be announced.

Qualifications of foreign BIBF banks depend on their performance, including the volume of offshore lending, cooperation provided to Thai authorities, technology transfers to local industry, benefits they have contributed to the Thai economy, and their support to improve Thai international trade.

It is expected three Japanese banks, two US banks, one European bank and one or two Asian banks will be allowed to upgrade.

Applications for full branch upgradings will be received in October this year and January next year, and consideration will be given between February and April. Permission is expected to be announced by May next year.

Meanwhile, the Bank of Thailand refused to review the minimum required loan amount to be extended by BIBF banks to be lower than an existing requirement of US\$2 million per transaction.

Many BIBF banks viewed the required amount was now too high.

But the central bank said it had to set a minimum amount high because it wants to control expansion of overall credit extension at 24% for this year as an attempt to fight inflation.

If the minimum amount was low, it would be easier for customers to borrow BIBF loans.

Thirachai Phuwanatnaran-ubon, director of the Bank of Thailand's Financial Institution Supervision and Development Department, said the central bank has to take a control of BIBF loans because applications have increased sharply for several months.

As of the end of May, outstanding BIBF loans amounted to 710 billion baht, increasing by 40 billion baht from April.

Loans extended in May were mostly out-in transactions with the outstanding amount rising from 505 billion baht to 544 billion baht, while out-out loan extensions increased from 165 billion baht to only 166 billion baht.

Final Chuan Cabinet Meeting Viewed

BK0407041295 Bangkok BANGKOK POST
in English 3 Jul 95 pp 21, 23

[“Special Report”: “Decisions Too Many to Swallow — Lame-duck Cabinet’s Last-minute Rush Questionable”]

[FBIS Transcribed Text] Tomorrow the care-taker government of Chuan Likphai will meet for the last time to make as many decisions as possible on some 200 issues left on its agenda.

Many have questioned the ethics of holding such a meeting, two days after Thailand’s voters went to the polls. While many of today’s agenda items are minor “housekeeping” matters, others involve major policy decisions that should be left to the new government.

The Chuan Administration argues that further delays would damage the economy. After two-and-a-half years of indecision on so many issues, this argument is hard to swallow.

First, decisions on both Bangkok Land’s sports complex and the Thanayong, skytrain, which have been dragged out for months, were only made last week. This administration has suddenly become very diligent since Parliament was dissolved.

Second, a few more weeks of delays, given the lack of action in the past, will scarcely make a difference.

And third, this administration should have followed traditional practice and gracefully refrained from further decision-making once the election was called.

But with the Chuan Administration appearing so anxious to make as many decisions as it can, observers liken some of the major projects under review to big pieces of cake that must be eaten now or never.

However, there are ample precedents for decisions made by one government to be changed by its successor.

And when decisions are made in haste, a new government would be justified in claiming they are not valid.

In the end, investors can only wonder how many more projects will be suspended or stalled, regardless of what the Cabinet does tomorrow. The caretaker administration still has some very big slices of cake on its plate, as the following stories show.

TELECOMS: Procedure short-circuited on new lines [subhead]

The provision of another 1.9 million lines in telephone-short Thailand has been one of the hottest issues facing the caretaker government under Chuan Likphai.

The project was a combination of the original 1.1 million-line project initiated by former Transport and Communications Minister Winai Somphong plus a short-term plan to solve telephone shortages by the end of 1998, as proposed by his successor, Wichit Suraphongchai.

At 40-50 billion baht, the 1.1 million-line project is one of the biggest infrastructure projects in the country's history.

Col [Colonel] Winai's proposal was backed by the National Economic and Social Development Board [NESDB], since it met the NESDB's Seventh Plan target for one phone for every 10 people by the end of 1996.

The practical way to meet this goal was to allow the two companies already installing lines — TelecomAsia and Thai Telephone & Telecommunication — to simply carry on. In return, they would agree to waive the five years of protection they received under their original contracts.

However before Col Winai could get Cabinet endorsement of his proposals, his New Aspiration Party was booted from the Cabinet [as published]. He was succeeded by Mr Wichit of the Phalang Tham Party [PDP].

Maj-Gen [Major General] Chamlong Simuang, then PDP leader, subsequently came up with a plan for 7.1 million lines — a combination of the 1.1 million targeted in the Seventh Plan, and the six million proposed under the Eighth Plan.

His plan was to form a "7.1 Million Company" and have it listed on the SET to raise funds to build the lines.

But that idea was dismissed as a dream, and the project languished until Mr Wichit came up with a telecoms master plan to liberalize the telecommunications industry.

The plan was designed to meet not only the 1996 target but to solve shortages through the end of 1998.

Mr Wichit proposed opening new negotiations with TA and TT&T. The Government wanted more revenue in exchange for awarding new contracts for 1.1 million lines — 600,000 to TA and 500,000 to TT&T. The Telephone Organization of Thailand would handle the remaining 800,000.

However, the Chuan coalition's premature demise after the PDP pull-out robbed Mr Wichit of a chance to explain how he could get the TOT to install 800,000 lines within two years. After all, in the previous 40 years the state agency had only managed to finish two million lines.

But Mr Wichit did explain the step-by-step procedure for negotiations with the two private operators, and the establishment of a committee to study the project.

The idea was to streamline some procedures and to forego a new round of bidding in order to move the project forward faster.

But the way the caretaker Government has handled the huge project sparked widespread speculation about why it had to be approved in such a hush-hush manner.

Critics ask why, with revenue-sharing still to be negotiated, the current Cabinet has come to such a quick acknowledgement of the project.

The Government responds that the 1.1 million-line project is not new but merely an extension of a broader policy it endorsed earlier. Consequently, it says, it has a duty to wrap up the issue in time for its last Cabinet meeting tomorrow. **TRANSIT: Bangkok Land Case A Political Lesson** [subhead]

Shortly before Prime Minister Chuan Likphai dissolved the House of Representatives, his Government dramatically switched policy gears on mass-transit development when it scrapped an agreement with Bangkok Land.

Instead of having a private company develop the Metropolitan Rapid Transit Authority system, the Chuan Cabinet decided the Government would invest in the system itself. It would then call bids to supply rolling stock and operate the system.

This effectively put the project — initiated two decades ago — back at square one.

It was a typical, if sad, example of how important public works become politicized, changing whenever governments change.

During the Chatcasi Chunhawan administration, the project was designed as a "Skytrain" and the contract was awarded to Canada's Lavalin Group.

After the military toppled the Chatchai government, the contract was terminated by the Anan Panyarachun government, which had established the Metropolitan Rapid Transit Authority [MRTA] to undertake the project.

The Anan administration reasoned that the project would take shape faster if it was undertaken by a state agency.

However, the MRTA has made little progress in the three years since then. After the Chuan Government took over, it changed the policy again by deciding to call bids to allow private developers to undertake the project.

Bangkok Land Group's Muang Thong Mass Transit Co. won the contest. But then the wrangling began over whether the system should be above ground, underground or a combination of the two.

Bowing to public pressure, the Government agreed that part of the project should go underground, but it would have to compensate the private developer since building the originally agreed skytrain would have been much cheaper.

But before the contract was signed, the Chuan Government changed the policy again, and decided that the Government would develop the system itself.

During the election campaign, the development of mass-transit systems has been a priority policy of all political parties in resolving the chronic traffic problem in Bangkok.

All of them have also vowed to the public that they would support underground systems.

But whether the new government decides the project should be built by the state or private enterprise — another policy switch would be no great surprise competition to win the project will be fierce.

BANKING: Would-be Banks Await New Minister [sub-head]

Once the new finance minister assumes his portfolio, one of his first jobs will be to accept applications from those interested in establishing new commercial banks.

The terms and conditions for applicants have been approved by the caretaker Government under Chuan Likphai.

In doing so, the Chuan Cabinet faced criticism in political and banking circles, with some arguing that the issue should be left to be considered by the new Government.

However, caretaker Finance Minister Tharin Nimmanhemin has been adamant that this is not a policy issue, but merely a continuation of procedures set out very clearly in the Financial Master Plan approved by the Cabinet in February.

Some went so far as to say that the package could be used by the Chuan Government to favor specific groups. This criticism is not valid since the caretaker Government will have nothing to do with the acceptance of applications for forming new banks or with the approvals of new banking licenses.

Although the terms and conditions for the new banks have been worked out clearly, the Financial Master Plan limits the number of new licenses to five.

If there are more than five applicants and all meet the qualifications, the new government will have to decide which ones to approve.

Even if there are only five applications, the new government is not obliged to approve them all.

On this issue Mr Tharin and his bureaucrats have done their homework. However, the process of considering applications and approving licenses could also become an opportunity for a new Finance Minister to make material gains if he is dishonest. **SHIPPING:** Haste, TMN and 'National Interest' (subhead)

The development of a national shipping fleet is an issue that most observers thought would have been settled by now.

But controversy over a proposed joint venture between state-run Thai Maritime Navigation [TMN] and Bara International Shipping Lines has slowed the decision-making process, with the result that this hot potato appears likely to land in the new Government's lap.

Prime Minister Chuan Likphai has been regarded as one of the most transparent leaders the country has seen. But the performance of others in the Cabinet on the TMN issue have raised questions.

The TMN-Bara venture — Bara proposes to hold 25% in the state enterprise — is a huge project involving immense sums. It was a relatively low-profile matter until recently when it was discovered that a Singapore shipping company, Neptune Orient Lines [NOL], held 49.6% equity in Bara. Under Thai law, foreigners can hold a maximum of 30% in a Thai shipper.

NOL is in turn 37.5% owned by the Singapore government. NOL has since declared that the 49.6% figure — quoted in the annual reports it filed with the Singapore Stock Exchange for four years running — was an error and that it held only 30% of Bara.

Wichit Suraphongchai, the former minister of transport and communications, strongly opposed the TMN-Bara deal when it was first brought to him by his deputy, Anek Thapsuwan.

The venture was endorsed by the Cabinet but Mr Wichit wanted to review it on the grounds that Thailand's national interest was threatened.

He has questioned the sincerity of NOL in the venture since Thailand and Singapore are direct competitors in shipping.

Under a proposed five-year plan Bara and TMN would establish a fleet with a minimum of seven vessels, totalling at least 100,000 deadweight tons. Listing on the Stock Exchange of Thailand would be sought by the third year.

But Mr Wichit said the venture would result in Thailand losing more than 100 billion baht a year in sea transport revenue.

He said the Thai Ship Owners' Association should form a joint venture with TMN instead.

TMN executives disagreed, saying the association's members lacked both expertise and the necessary financial backing.

Mr Wichit countered that the association had a large membership and ample resources. Some are listed on the SET and have good opportunities to raise funds for a joint venture with TMN.

Mr Wichit lost his chance to pursue his case within the Cabinet when the PDP left the Government, but he has remained a vocal critic of the TMN deal.

In the meantime, Mr Anek, now elevated to acting transport and communications minister, wasted no time proposing the venture to the Cabinet for approval.

However, Finance Minister Tharin Nimmanhemin decided last week that the issue needed further consideration.

Undeterred, Mr Anek has pushed for the TMN plan to be on the agenda — along with some 200 other items — when the Chuan Cabinet holds its final meeting tomorrow.

INSURANCE: Minister's Word Has Great Weight [sub-head]

The Commerce Ministry's move to liberalize Thailand's insurance industry earlier this month leaves some rich pickings on the table.

The next minister, whoever he or she may be, will have considerable authority to issue new life and general

insurance licenses. With insurance only starting to take off in Thailand, the stakes are high.

A committee, chaired by the commerce permanent secretary and including directors-general of seven departments, is supposed to scrutinize license requests but the final decision on approvals will rest with the minister, say ministry sources.

And while the Commerce Ministry says it has determined transparent criteria for the establishment of new life and general insurance companies, the result has been some inconvenience for applicants.

Among them are prohibitions on existing insurers becoming involved with new insurance companies, and a requirement that paid-up capitalization of at least 500 million baht for life insurers and 300 million baht for general insurers.

In addition, founders of the new companies are obliged to hold at least 25% of the firms' capital for at least three years from the date their licenses are granted.

Applicants are also required to post a financial or bank guarantee equalling at least 5% of registered capital. This is to ensure that anyone who receives a license will start operations by a give date.

The Ministry has also declared that it wants comprehensive details of the new companies' short- and long-term operation plans for at least five years. These must cover policies, branch expansion in the capital and rural provinces, financial plans, human resource development, joint-venture plans (if applicable), opening dates and all expenditures anticipated in establishing the companies.

Last but not least, the Ministry wants applicants to project the value of the premiums they expect to receive.

Existing and prospective insurers have complained that the condition preventing existing insurers from involvement in new firms will curb their rights to expand.

But few of these conditions are expected to deter companies eager to get a piece of the country's fast-growing insurance business.

And whoever becomes commerce minister can expect to be the target of some heavy lobbying. This is because the liberalization drive has been structured to give the minister sweeping powers of approval, regardless of what a scrutiny committee might recommend. (endall)
3 jul ip/gosling/bt BG500307.044 04/0421

U.S. Statement on Tainted Politicians Viewed
BK0407132595 Bangkok Radio Thailand Network
in Thai 1200 GMT 4 Jul 95

[FBIS Translated Excerpt] [passage omitted on election results] Regarding the U.S. statement about implication of Thai-U.S. relations if individuals involved in narcotics trafficking are included in the new government, Seritham Party leader Athit Urairat said he only learned about it from a news report. He said a government should be clean and have the ability to administer the country, and is acceptable to the international community. He gave assurances that the government had nothing to do with what happened in the news, saying the news basically reflected the true situation.

Dailies React to U.S. Statement on Election
BK0507135795

[FBIS Editorial Report] KRUNGTHEP THURAKIT, NAEO NA, and SIAM POST on 5 July carry editorials, columns, and an article commenting on U.S. State Department Spokesman Nicholas Burns' statement on the ongoing formation of the Chat Thai-led coalition government.

KRUNGTHEP THURAKIT's 400-word editorial, on page 2, entitled: "The Warning That Must Be Heeded," says: "Chat Thai Party Leader Banhan Sinlapa-acha, the would-be 21st prime minister cannot pretend that he did not hear the statement of the U.S. State Department Spokesman Nicholas Burns, apparently warning that the appointment of any persons blacklisted by the United States for their involvement in international drug trafficking to the new cabinet would complicate bilateral ties between Thailand and the United States. During its election campaign, the Chat Thai Party was questioned about this because the people had already anticipated that it would win the polls and have the right to form the government, thereby replacing the Democrat Party-led coalition."

The editorial continues: "Now, the Chat Thai Party has won the general elections and is acting as the core in forming the new government. We do not think that it can simply ignore the U.S. warning by saying that Thailand is an independent country, not a U.S. colony, or that the United States has no right to interfere in the internal affairs of our country. At the same time, the United States has been challenged to produce some evidence to prove its drug charges. Some even said that no one should be incriminated prior to a ruling from the Court of Justice. These are all selfish excuses.

"It is true that Thailand is not a U.S. colony and, therefore, the United States should stay away from its internal affairs. However, we must not forget about the

long-existing relations between the two countries and the fact that the United States has been giving Thailand money for the narcotics suppression every year.

"Therefore, the U.S. should have the right to warn us against appointing those who are involved in drug trafficking to ministerial positions. We suggest that Banhan pay some attention to the U.S. warning instead of seeing it as a political ploy against his party."

KRUNGTHEP THURAKIT's 500-words column, on page 16, entitled: "Dragon Deng Under the Eagle's Grip," quotes the U.S. State Department Spokesman Nicholas Burns' comment on the formation of the new Thai Government and an earlier interview with Watthana Atsawahem, secretary general of the Chat Thai Party, who tried to refute allegations of his involvement in the drug trade.

The column says: "The important point to consider is that the United States should have the right to issue the warning because it has been sending huge amounts of money to help suppress narcotics trafficking and production in Thailand. Thailand is believed to be the biggest drug producer in Asia, while the United States is the biggest drug market in the world and also a major trade partner of Thailand.

"Thailand cannot ignore its economic ties with the United States and the U.S. role in regional stability.

"As for Watthana Atsawahem, it is true that he can legally prove his innocence.

"However, under the moral law [two preceding words rendered in English], he cannot run against the social current because drug trafficking is the most evil of social crimes.

"The honorable path for the new government of Banhan Sinlapa-acha to take would be for no one with a dubious record to be appointed to any cabinet post.

"This is because it involves the country's image.

"Thailand does not belongs to the Chat Thai Party only."

NAEO NA's 400-word editorial, on page 3, entitled: "Chat Thai Party's Obstacles," reviews the activities of Chat Thai Party figures in their attempt to form a new coalition government and U.S. State Department Spokesman Nicholas Burns' statement on the Thai election.

The editorial notes: "We want to remind everyone that what the U.S. State Department spokesman said involved our country's prestige and image. If the new government is like what the spokesman said, the government of the would-be prime minister Banhan

SOUTHEAST ASIA

Sinlapa-acha will have problems with not only the United States, but also with other countries that detest drug trafficking.

"As mentioned before, the Chat Thai Party has gained the people's mandate to form the new government. For Chat Thai and every party in its coalition, we want to see new faces that look clean and spotless in the eyes of the people at home and abroad.

In conclusion, the editorial added: "We appeal to the would-be prime minister Banhan Sinlapa-acha to make a prudent decision, uphold the interests of the country and people, and to dare to act. We hope that our suggestion in this regard will not infuriate the Chat Thai Party's leader or be viewed as a piece of ill-intentioned criticism."

NAEO NA's 400-word column by Chula Kaeomongkhon, on page 8, entitled: "The U.S. Drug Charge, Thailand Gets the Jackpot," says the United States has become antagonistic with countries such as Japan, Korea, China, and Vietnam, while Thailand is the latest victim of this unfriendly maneuver.

The column notes: The United States will not save any face by "playing the role of 'world police.' Its commando units are ready to wake up and kill anyone in any country.

"It is unfair for the three Thai politicians to be accused of links to drug trafficking by the United States without any evidence. The United States cannot act like a street hooligan by pointing fingers at other people. The victims of the U.S. drug charges and their family members will suffer for generations. They have no chance to prove their innocence.

"The United States must produce evidence to substantiate its allegations. Otherwise, it will be condemned for interference in the internal affairs of Thailand!

"Thailand and the United States have signed an extradition agreement. Thailand has always honored and complied with this agreement.

"Please, the United States, for God's sake, prove yourself trustworthy."

SIAM POST's column by Pleo Si-ngoen, on page 4, entitled: "The U.S. 'National Day,'" says the United States celebrated its independence day on 4 July. "It is a new nation and has no foundation. Its eating culture displays the level of its civilization. In fact, Americans are still very 'raw' in leading their daily lives.

"The eating habits of Americans resemble those of savages. In other words, they will bite, lick, suck, or eat while walking, sitting or lying. They have no formal

things to attach themselves to which can be described as 'civilization.'

Commenting on Burns' statement on the Thai elections, the column says: "Nobody is surprised with the untimely, rude, and 'acting-big' threat of the U.S. State Department spokesman against the appointment of the persons blacklisted by the United States, to serve as members of the new cabinet."

The columnist notes: "I believe that Banhan will not do anything detrimental to himself or the country. A man like Watthana Atsawahem is a patriot. He is rational and willing to listen to the voice of the majority. He entered politics for constructive causes. His refusal to take up any portfolio can greatly benefit the country in terms of the smooth operation of the government. Watthana will not hesitate to do good for the country."

The columnist suggests that Watthana should not accept any ministerial post in the new coalition. He should stay away during the tenure of the government to "flush out the sins." By so doing, "he will gain popular sympathy and understanding which he can use as credentials to serve in ministerial posts in the future."

Chat Thai Party Discounts U.S. Warning on Ties

BK0507021095 Bangkok BANGKOK POST
in English 5 Jul 95 pp 1, 3

[FBIS Transcribed Text] The Chat Thai Party yesterday played down a warning by the US State Department that ties between Washington and Bangkok could be strained if persons suspected of being involved in narcotics trafficking are appointed in the country's new Cabinet line-up.

When asked about the statement by US State Department spokesman Nicholas Burns, Chat Thai leader Banhan Sinlapa-acha commented:

"Chat Thai has no problem with the US. I had dinner with the American ambassador last month. We understood each other well," said Mr Banhan who attended the July 4 celebration at the Hilton International Hotel last night.

"I guarantee you that Chat Thai has no problem in its relationship with the US," he said.

Mr Banhan's brother Chumphon Sinlapa-acha, said he has yet to ascertain if Mr Burns' statement reflected his personal view or that of the State Department.

"If the comment reflected the official view, then it was rather undiplomatic because it was a direct interference in Thailand's internal affairs," he said while commenting that his party would ignore and not retaliate against such remarks.

Deputy Foreign Minister Surin Phitsuwan, while pointing out that Thailand is a sovereign country, noted, however, that the US also has the right to state its concerns regarding its own interests.

"As a member of the international community, we should listen to the concerns of other countries but we have the sovereign right to proceed along the lines of the election results (in forming the new Cabinet), he said.

Mr Burns, while answering reporters' questions on Monday, said US-Thai relations could be strained if persons suspected by the US of being involved in narcotics trafficking are appointed to the new Cabinet.

Businessmen, the local media and other analysts have expressed concern that a Chat Thai-led coalition would have difficulty gaining the confidence of foreign investors and governments.

In the past, Chat Thai figures have faced allegations including involvement in the drug trade and amassing unusual wealth — allegations which have been either denied by those targeted or dropped.

"We are aware that people who have been denied (US) visas are being proposed as candidates for senior positions in the new Thai Cabinet," Mr Burns said. "To believe that they were involved in drug trafficking, the appointment of these officials obviously could complicate the bilateral relationship between Thailand and the US," he noted.

Mr Surin, when asked if such a warning through the press was against diplomatic etiquette and an interference in Thai politics, said all parties had the right to express their concerns as they shared common interests with Thailand in terms of trade, tourism and other forms of cooperation.

"It's our right to do what we want but we should also understand such sensitive issues and be careful to conduct our foreign policy so as to protect the utmost interests of both our countries," he said.

"It's up to us how much priority we give to such concerns," he added.

The Foreign Ministry's Press Division director Phondet Worachat said Thailand would naturally appoint good people to the Cabinet anyway and not because the US told us to.

He said the Thai Embassy in Washington was checking on the reports, the tone of Mr Burns' statement and whether his comment was played up by the press. If the latter was not the case, Thailand would issue a protest letter to the US Government over the incident. Mr Surin said he believed the new foreign minister

would have sufficient capabilities and responsibility as foreign affairs is a complicated matter which involves the country's interests and requires continuity and unity.

Seritham Party leader Athit Urairat, a former foreign minister, said the image of the new Cabinet ministers is very important for the country and the matter cannot be disregarded.

"One can't claim that foreigners' opinions have nothing to do with our country because we are not living in this world alone. Our ministers should not have anything in their backgrounds that would affect the country's image," he said.

Apart from work experience, Cabinet members also must have a clean background and be accepted both nationally and internationally, said the Public Health Minister.

He said MPs who are alleged to have been involved in drug trafficking or who are associates of those suspected of the offence should not be given ministerial posts.

Chat Thai Party MP Newin Chitchop said Mr Burns' comment could be the result of a possible attempt to not be outdone by those about to lose power.

Democrat MP Phichet Phanwichatkun said the US was not to blame as they also had to be sure that the new government would continue with the same policies that the country previously supported.

Police Chief Gen Phot Bunyachinda said none of the Thai MPs elected to Parliament in Sunday's general election is on the Police Department's records as having been involved in the narcotics trade.

The Office of the Narcotics Control Board has confirmed this fact, he added.

Coalition Reaches Agreement on Cabinet Posts

BK0507024895 Bangkok BANGKOK POST
in English 5 Jul 95 pp 1, 2

[FBIS Transcribed Text] The Chat Thai-led coalition took clearer shape last night after an agreement was reached on Cabinet responsibilities and Nam Thai swelled the line-up to seven parties.

Chat Thai will take charge of one Prime Minister's Office post, interior, finance, public health, commerce, justice and university affairs.

New Aspiration, the second largest partner, will oversee defence, transport and communications, labour and industry or education.

Phalang Tham can choose to oversee industry or education.

SOUTHEAST ASIA

Social Action will take charge of agriculture.

Prachakon Thai was given science, technology and environment affairs.

Nam Thai obtained foreign affairs.

Chat Thai leader Banhan Sinlapa-acha, announcing the agreement after just over four hours of talks said Muanchon, the smallest partner would be given one ministry.

He said he was looking for a suitable position for its leader Chaloem Yubamrung.

Chat Thai, New Aspiration, Phalang Tham, Social Action and Nam Thai will each be given a deputy prime ministership. It has yet to finalise whether Prachakon Thai will be given one such post.

Mr Banhan announced earlier yesterday he would make Nam Thai's leader, Amnuai Wirawan, deputy prime minister in charge of international economic affairs.

The inclusion of Nam Thai boosts the Chat Thai-led coalition's support in the Lower House to 233 seats, 37 seats more than the majority requirement in Parliament.

The inclusion of Nam Thai came as key leaders of prospective members of the coalition got together for a second round of talks at a luxury apartment in Ratchawithi, Bangkok, yesterday to negotiate their Cabinet responsibilities.

Mr Banhan appeared to have overcome the potentially explosive conflict between Phalang Tham and Prachakon Thai which fought on Monday for the exclusive right to control traffic affairs. He split the work between the parties. Phalang Tham will take charge of traffic solutions in Bangkok and Prachakon Thai will handle those in the adjoining provinces.

Phalang Tham leader Thaksin Chinnawat will assume the position of deputy prime minister overseeing the Commission for the Management of Road Traffic. His party will also be given one Prime Minister's Office post overseeing the Metropolitan Rapid Transit Authority.

In addition to either the industry or education portfolio, Phalang Tham obtained a deputy interior minister's post and a deputy transport and communications minister post.

Mr Thaksin said he was satisfied with the sharing method because Phalang Tham would be in full charge of the traffic problem in Bangkok.

"From now on I will not complain about the problem of having no authority," said Mr Thaksin, repeating his election promise to come up with concrete measures to solve traffic congestion within six months.

Social Action leader Montri Phongphanit said he would assume the agriculture minister's post and promised to continue land reform. But he did not elaborate on whether there would be any improvement in the land distribution method.

Mr Banhan dismissed fears his bloc would turn his administration into a dictatorial powerhouse.

The inclusion of Nam Thai would ensure a more stable coalition and prevent problems of government instability.

"I will make Amnuai deputy prime minister in charge of foreign economic affairs," he said.

Mr Banhan stood alongside Mr Amnuai last night at a reception hosted by the US Embassy at a city hotel to celebrate US Independence Day.

They later left in the same car to join others in talks at the Ratchawithi house.

Mr Amnuai said his party agreed to join the coalition because Mr Banhan accepted the party's proposals on political guidelines and policy. He said he believed his party could work in the interests of the country by joining the ruling coalition.

On his party's attitude on the possibility of Chat Thai deputy leader Watthana Atsawahem getting a Cabinet post, Mr Amnuai said Mr Banhan would be able to overcome this problem.

Mr Amnuai said Nam Thai had yet to discuss details of its line-up in the Cabinet.

The party has assigned M.R. Sukhumphan Boriphat and Phongthon Siriyothin to join coalition partners in drafting the new government's policy.

Phalang Tham Party spokesman Sutham Saengprathum said a team of experts would be recruited to start work on traffic solutions.

Earlier yesterday, prominent Prachakon Thai members visited leading figures in parties of the outgoing government in a move that sparked speculation that the party might pull out following a dispute with Phalang Tham.

Bangkok MP Pawina Hongsakun visited Chat Phatthana leader Chatthai Chunhawan and another prominent MP, Chaiphak Siriwat, called on Democrat secretary-general Sanan Khachonprasat.

Observers said Prachakon Thai was upset by Chat Thai's decision to give Phalang Tham a hand in overseeing traffic matters.

Army Chief: Military To Stay Out of Politics
BK0307144995 Bangkok THE NATION in English
3 Jul 95 p A8

[FBIS Transcribed Text] Army chief Gen. [General] Wimon Wongwanit insisted yesterday that the military would not involve itself in politics when parties try to form the next government.

"Sooner or later, the next government will materialise. We will not get involved. We will leave it to the democratic process," Wimon said after casting his vote.

Wimon refused to comment on the qualifications of the next prime minister, saying the military would support anyone who gains the post, as long as it is done democratically.

Former military strongmen also came out to vote at Thurakit Bundit University in Soi Ranong 2 yesterday morning. They included former prime minister Gen. Suchinda Khraprayun, Deputy Permanent Secretary for Defence Wirot Sangsanit and former prime minister Thansom Kittikachon.

Suchinda, the architect of the Feb 23 1991, coup, looked cheerful when he showed up at the polling station after playing golf. He refused to give an interview to an army of reporters.

Gen. Itsaraphong Nunphakdi, former deputy chairman of the dissolved National Peacekeeping Council, came with his wife and son to vote at the 77th poll station in Dusit district.

"The elections are lively. There was not much vote-buying," he said, adding that Thai politics has gradually improved from when he served as interior minister.

Gen. Wirot, who served briefly as deputy interior minister in the Suchinda government, also came with his wife and son to cast their votes.

Wirot said he believed Democrat Party leader Chuan Likphai and Chat Thai leader Banhan Sinlapa-acha might not get the chance to become the next prime minister.

He said promising candidates for the top post could be either Chat Phaitthana leader Chatchai Chunhawan or New Aspiration leader Chawalit Yongchaiyut.

Field Marshal Thansom Kittikachon said he hoped yesterday's election would be a turning point in improving Thai politics.

He said, however, that there had been rampant vote buying before yesterday's polls which was different from the time he served as prime minister.

Thansom, who has led more than one coup, said the military was now politically neutral and no longer wanted to get involved in politics.

Wimon: Military Accepts Election of Banhan

BK0507092195 Bangkok BANGKOK POST
in English 4 Jul 95 p 1

[FBIS Transcribed Text] If the public can accept Chat Thai leader Banhan Sinlapa-acha as prime minister then the Army can accept him too, Army Commander-in-Chief Gen. [General] Wimon Wongwanit said yesterday.

Gen. Wimon was asked if the military could accept Chat Thai and Mr. Banhan given their alleged negative image in the eyes of many Bangkok people.

The Army was duty-bound to serve the country no matter who was premier or which parties formed the government, he said.

"If the people can accept him (Mr. Banhan), after having made their decision as best they could, then the Army must also accept it."

The military would not interfere in politics, he said.

He declined to answer when asked whether New Aspiration leader Gen. Chawalit Yongchaiyut, a former army chief, was suitable for the post, saying he had nothing to do with the formation of the government.

"I am not responsible for setting up the government, so I have no comment. Only newspapers like to form a government of their own," Gen. Wimon said.

He said newspapers should be more accurate in presenting news.

Most papers wanted to be first with every item regardless of mistakes and did not like to make corrections although sometimes the mistakes were obvious.

Watthana Wants Cabinet Post Despite Drug Probe

BK0507033095 Bangkok BANGKOK POST
in English 5 Jul 95 p 1

[FBIS Transcribed Text] Chat Thai Party deputy leader Watthana Atsawahem insisted yesterday he must be given a ministerial post in the Chat Thai-led government despite being the target of drug trafficking allegations.

Mr Watthana gave an interview during the Nation News Talk program last night, saying he should be allowed to assume a ministerial portfolio because he is an elected MP [member of parliament].

His comment came in the wake of a U.S. government warning that bilateral relations with Thailand could be

affected if any of the Chat Thai members facing drug trafficking allegations are given a ministerial post.

"If I was guilty as charged, I would not be elected to represent the people as their MP over nine terms," said Mr Watthana.

He said he hoped the six parties tipped to be part of the next government will understand that he is being "bullied" politically, adding he is willing to prove his innocence.

If he was a drug dealer, the Chat Thai core member said, the U.S. should grant him a visa to enter the country and arrest him upon arrival there.

Mr Watthana said he believed party leader Banhan Sinlapacha would not exclude him from the Cabinet line-up.

"I'm confident Khun [Mr] Banhan will not do that (refuse to give him a ministerial position), because I played a crucial role in consolidating the Chat Thai Party" he said.

"I talked Pol Gen [Police General] Praman Adireksan (the former Chat Thai leader) into taking the role of party adviser so Khun Banhan could be party leader. I also rescued the party by persuading the Thoet Thai faction to remain and not to defect."

The faction, led by former MP Narong Wongwan, had threatened to leave the party following the House dissolution in May.

Mr Watthana said he would do everything in his power to restore his image. "If I don't fight, (the drug trafficking allegation) will inflict a big 'scar' on my life. I'm appealing for sympathy," he said.

He claimed he had Interior Ministry officials' support in his desire to take the interior portfolio.

Defeat of Narong Wonwan Viewed

*BK0507043095 Bangkok THE NATION in English
4 Jul 95 p A3*

[FBIS Transcribed Text] Phrae — Former Chat Thai MP [member of parliament] Narong Wongwan will not quit politics despite his stunning defeat in Sunday's general election, his close aide said yesterday.

Banyong Somchit said members of Chat Thai's Thoet Thai faction, in which Narong is a key member, would support Narong's return. However, he refused to discuss why Narong had failed to get reelected.

Narong, a seven-time MP who once received the highest number of votes in a general election, lost to fellow Chat Thai candidates Dusit Rangkhasiri and Metha

Ua-aphinyakun, and to Siriwan Pratsachaksattru of the Democrat Party.

Metha's son, Methi, said Phrae residents had lost a highly-regarded person. He said Chat Thai would field "new generation" candidates in the next election.

Metha said he was saddened by Narong's defeat and was not sure whether Narong would quit politics. He said Narong had vowed that this would be his last term as an MP.

"I feel uncomfortable with Narong's defeat. I should have been defeated," he said.

Siriwan, a former canvasser for Narong, said it had been proven that money could not buy Phrae residents. She vowed to keep her promises made during her campaign.

Observers said Narong failed to get reelected because Sanit Suphasiri, Siriwan's father, and other people who used to back Narong, had withdrawn their support and given it to Siriwan.

One source said Narong was defeated because he often was not in the province and his constituents could not ask for his help. The source also said Narong had no substantial achievements to point to in the province.

Narong, who has headed several ministries, has seen his popularity decline sharply in the past few years, the source said.

The source claimed that the people wanted an MP who visited them often and seriously intended to solve their problems.

International Issues Facing New Government

*BK0307154795 Bangkok THE NATION in English
3 Jul 95 pp B1, B2*

[Commentary by Wichit Chaitrong: "Political Discord Poses Threat to Thailand's Trade Interests"]

[FBIS Transcribed Text] Coherent international trade policy is vital to Thailand's national interest but it cannot be achieved without an end to political bickering between politicians.

Despite the substantial progress made by the International Economic Relations Committee, chaired by Deputy Prime Minister Dr Suphachai Phanitchaphak, several fundamental problems continue to prevent the country from focusing on international trade.

First, the government should decide immediately if it will reappoint Danai Tunlaiamphu, former Thai ambassador to Brussels, as Thailand's representative to the World Trade Organization (WTO).

Danai, who holds the important position of chairman of the WTO Agriculture Committee, will be allowed to retain his post if Suphachai and the Democrat Party return to power.

Moreover, if Phalang Tham Party leader and former foreign minister Thaksin Chinnawat earns a place in the new government, he is also expected to endorse Danai.

Suphachai has lobbied hard to persuade trade negotiators from many countries to support Danai as Chairman of the Agriculture Committee. Suphachai believes Danai can protect the interests of Thailand and other agricultural product exporting nations if he retains his position.

Danai and his committee are in the process of assessing WTO implementation of the agriculture agreement but his tenure will end if Chuan Likphai's administration fails to regain power.

"Our country is now at the crossroads of trade liberalization. At this very critical point we need clear-cut policy positions regarding ASEAN, APEC [Asia-Pacific Economic Cooperation] and the WTO," noted Kroek-krai Chiraphaet, director-general of the Business Economics Department.

His statement highlighted the urgency with which the new government must win international confidence in preparation for upcoming international policy-making conferences.

Kroek-krai, an ASEAN senior economic official, who has worked at length on trade negotiations for both multilateral and regional trade platforms, is concerned that Thailand will continue to be plagued by disunity in international trade policy coordination.

Disunity has been a drawback to the nation, especially during the early stages of the Chuan administration. At that time, ministers and officials could not work in harmony in search of common goals because their roles were not clearly defined.

As a suggestion, Prayun Thaloengsi, executive director of the Board of Trade of Thailand, proposed the new government designate only one political party to supervise the Commerce and Foreign Ministries.

He stressed that this did not mean the Foreign Ministry's responsibility should be replaced by the Commerce Ministry or vice versa. It would simply make cooperation easier.

However, one party assigned to the task might not be enough; members from the same party often work in opposite directions.

Prayun was referring to two key trade negotiators in the Chuan government Suphachai and Tharin Nimmanhemin, the minister of finance.

Suphachai, as chairman of the International Trade Policy Committee, had a troubled relationship with Tharin, Commerce Minister Uthai Phimchaichon and the ministers of industry and agriculture, he said.

For example, Thai delegates attending an AFTA [ASEAN Free Trade Area] Council meeting were in disarray when the Council, staffed by officials of the Finance Ministry, decided to phase out the Brand-to-Brand Complementation [BBC] auto-part exchange program.

After the meeting, the Industry Ministry voiced its strong opposition to the AFTA Council resolution. It insisted the BBC should remain in existence and several officials blamed the Commerce Ministry for proposing abandonment of the BBC.

However, officials at the Commerce Ministry distanced themselves from the resolution by saying AFTA decisions were the responsibility of ASEAN ministers, not the Commerce Department.

One official at the Customs Department argued that the industry minister had adopted participation in the BBC without consulting the department first.

Observers doubt that Suphachai kept Tharin properly informed about the BBC project and wonder how carefully Suphachai looked into details of the AFTA Council's decision before he asked the AFTA economic minister to endorse it.

In another case, Commerce Ministry officials complained they were late receiving the Final Act document concerning the GATT's Uruguay round from the Foreign Ministry.

The new government will have to quickly prepare itself for several very important regional meetings that are looming just around the corner. Upcoming conferences include an AFTA Economic Minister's Meeting in September in Brunei, an ASEAN Summit in Bangkok and an APEC Summit in Osaka at the end of the year, an EU- Asia Summit in Bangkok at the beginning of next year and a WTO ministerial Council Conference in Singapore at the end of next year.

The meeting in Brunei will be used to determine which unprocessed agricultural items will be included in the ASEAN Free Trade Area tariff reduction plan.

The ASEAN Summit will attempt to deepen economic integration in ASEAN for the 21st century.

The APEC Summit will be used by Thailand and other ASEAN members to push the United States to accept voluntary trade liberalization based on the idea developed countries must open their markets first.

At the EU-Asia Summit, Thailand will attempt to negotiate fair trade agreements from the European Union, especially in regard to tough anti-dumping and countervailing laws.

The approach at the first WTO ministerial council conference will involve dealing with new dimensions in multinational trade, such as trade and environment, worker rights, labor standards and trade competition policy.

Thailand and ASEAN have also come up with ways to deal with an emerging awareness around the globe that regional leaders have rejected the idea of linking trade with social clauses.

With so many future conferences and so much policy to be made, it is obvious new government policy makers will have to quickly coordinate their efforts to protect Thailand's international trade interests.

New Government Urged To Stress Foreign Affairs

*BK0507082995 Bangkok BANGKOK POST
in English 4 Jul 95 p 4*

[Editorial: "Foreign Relations Must Be Given Top Priority"]

[FBIS Transcribed Text] In many respects, the outcome of Sunday's general election was a vote for change, which is always welcome if it leads to better lives for the largest possible number of people.

But the bargaining for position in government that has taken place since shortly after the ballot boxes closed indicates that there has been little change in politicians' perception of their duty and regard for government-work.

Political power for their own or their party's enhancement seems to remain more important to them than efficient government for the greater good of the country as a whole.

First and foremost, leading politicians focused on problems close to the hearts of their constituents. In Bangkok, two of the most articulate winners spoke out on, and offered to try and solve, the chronic traffic congestion afflicting the capital and much of the rest of the country. Undoubtedly, this must be considered as a problem that affects the country as a whole, in that waste of time and fuel while vehicles and their occupants are stalled in traffic drains national resources and inhibits the country's potential for economic growth.

But there is much more to government work than this, and little is known of politicians' thoughts on other questions of national import. Given that there has been so much talk about "globalisation" and Thailand's need to go with the trend, omission of comment on foreign affairs is alarming.

The Ministry of Foreign Affairs is doing important work, keeping up ties with old friends as well as cultivating new ones so that Thai people can live in peace, enjoy basic freedoms, and have opportunities to better their economic prospects.

This requires building up political trust among countries of different leanings and stature, which is difficult in today's fiercely competitive world where interests overlap and interdependence is obligatory.

The new government must appreciate the complexity of the international situation, and give the Foreign Ministry what it needs to fight for the best possible position in it for Thailand.

What the ministry needs is recognition from the government that it is a main spoke which keeps the wheel going. For too long, it has been a so-called Grade B agency, simply because its work is not seen to affect the lives of ordinary people. But would Thailand enjoy the independence and economic well-being of today if diplomats had not done their jobs and made sure that friends were forthcoming at the right time, from the right places?

The new head of government can raise the status of the Foreign Ministry by putting his full weight behind it, and probably the only way in Thailand's present political circumstances is by putting a man or woman from his own political party at the helm of this ministry.

The new foreign minister should have an excellent brain because he has to grasp complex issues and match counterparts around the world, the most influential of whom seem to be among the shrewdest members of their governments.

It is also important that the new foreign minister should be open-minded, and able to sustain and develop workable relations with the widest possible range of countries on the basis of mutual interest. Immediate neighbours are important but they should be seen as part of the global picture.

There is also an argument for the new foreign minister to be a specialist, possibly of law in that foreign affairs issues concern international trade, and uncertain border lines, which raise political questions of sovereignty as well as economic questions about resources.

Both issues require appreciation of laws and legal mechanisms if Thailand's best interests are to be protected. But a non-specialist could fare as well because there are qualified specialists among permanent officials at the ministry.

Whoever emerges as foreign minister, it is imperative for those in a position to choose to consider that Thailand's position is improving, and the country is being given a chance to grow in regional if not international stature after a long period in an uncomfortable trough.

Thailand at the end of this year chairs the fifth summit of the Association of Southeast Asian Nations (ASEAN). Early next year it hosts the first summit of Asian and European states, an event that some 26 heads of government are expected to attend.

A Foreign Ministry with more clout and the proper choice of foreign minister will be decisive to Thailand's performance in these events. If the politicians forging a new government work for the national interest, they will make sure that the performance is good, which will lead to more changes for the better.

Economic Development Requires Political Reforms

BK0407041095 Bangkok *THE NATION* in English
3 Jul 95 pp B1, B2

[Report by Thanong Khanthong and Watchara Charunsantikun]

[FBIS Transcribed Text] The cover story of the June 24th edition of *The "Economist"* glorifies Thailand as one of the economic stars of Southeast Asia.

Along with Singapore, Malaysia and Indonesia, Thailand has been following a distinctive path to economic development, which has turned it into an exporter of goods and ideas.

The British magazine attributes the success of Southeast Asian capitalism, which differs from the Japanese and Korean models, to three things: "It is much more open to foreign direct investment. It is much less prone to try to second-guess the market through a government-directed industrial policy. And it has been much quicker to allow financial markets to develop."

Absent from *The "Economist's"* report is an analysis of the critical role of political development, which can support or arrest economic growth. The case is even more compelling for Thailand which has generally lacked quality political leadership in the modern era. Domestic politics are so untrustworthy and backward that vote buying is rampant. It reflects the opposite paths taken by economic progress and political evolution.

So far, Thailand's economic miracle — an average economic growth rate of eight per cent since 1986 — has been generated by the private sector. Exports reached the Bt1 trillion mark for the first time last year. The virtue of the Thai government is that it is willing to allow the private sector a fairly free hand, which has pushed Thailand's economy to the Bt [baht] 3.5 trillion level.

But political and social problems persist. Thai managers, exporters, financial executives and entrepreneurs are good at dealing with the micro-economic planning. However, when it comes to the macro level, they are inefficient. "There is a growing concern that we are facing 'macro stress'. Resources, natural or human, have been developed to the limit," said Dr Prasan Trairatworakun, the deputy director-general of the Securities and Exchange Commission.

Overcoming the 'macro stress' can only be accomplished by political leadership, a clear-cut vision and an action plan. Nevertheless, political instability, caused by frequent changes of government, has jolted the momentum of progress and added to the cost of developing the economy.

Apart from Prime Minister Chuan Likphai, no candidate for the position of Prime Minister has demonstrated a credible commitment to governing Thailand with the overriding principle of creating order, progress, justice and equality for the public. Thai leaders appear to have forgotten these old-fashioned political values, which form the basis of good government.

Thai democracy has been alternately hijacked by the military and unscrupulous politicians. Little in substance has changed in the 63 years since political revolution. "Politics is like an umbrella covering virtually everything. If politics faces a jolt, it also jolts social and economic progress," said Phaibun Watthanasiritham, a well-known social activist.

"The new government must resort to political reform as its top priority in office. Reform should not be used to solve short-term problems, but should rather be aimed at creating order in the long run," he added.

About 65 per cent of Thailand's 60 million people are dependent on the agricultural sector. Yet agricultural output accounts for only 11 per cent of the gross domestic product (GDP). Much worse, agricultural output has been growing at a snail's pace of 2-3 per cent a year. This means the economic situation of a majority of Thais is not improving. Wealth is heavily concentrated in Bangkok and its neighboring provinces, which account for about 90 per cent of all government tax revenue.

Most indigenous Thais alternate their work on farms with work in factories and on construction sites in Bangkok and other major cities. "The booming construction industry has absorbed most of the labor from the agricultural sector. But what will happen to these people if the construction industry becomes sluggish. They cannot go back to farming. This is a time bomb that few people are seriously considering," said Dr Montri Chenwitthayakan, an adviser to the Chuan government.

What we have been largely hearing from party leaders, who mostly bypass credible screening processes, are promises of a quick fix to Thailand's structural problem of inequality. Prime Minister Chuan is more modest than other candidates in admitting the existence of structural imbalance in the Thai economy. He does not pretend that he can solve the entire problem or that he can do it alone.

Finding solutions to traffic congestion, prostitution, inequality and income distribution problems requires a dedicated leader willing to take responsibility for decision-making. Chuan, after two years and seven months in office, has emerged as a strong, no-nonsense leader, who selects the best economic minds to work for the Democrat Party.

Thaksin Chinnawat, the Phalang Tham leader, has vowed that if given a chance he would use hi-tech computers to reduce Bangkok's horrendous traffic congestion by 30 per cent within six months. Riding on a populist wave, the telecommunications tycoon is trying to create an illusion that a businessman, who makes billions of baht through a monopolistic instinct for profits, will be equally successful at governing.

Banhan Sinlapa-acha, the Chat Thai leader, has practiced the art of patronage to perfection. The "Walking ATM" is at the pinnacle of the patronage system, developed from the grass-roots level to the position of national leader. He quickly silences dissent among his colleagues in the Chat Thai Party when it comes to dividing up Cabinet responsibility.

By attempting to portray himself as a far-sighted and quick acting leader, Banhan wants to distance himself from his old style, project and contract oriented politics. Virtually without a Bangkok support base, where most middle class and politically conscious Thais live, Banhan aims to storm Government House with well organized campaign troops from the provinces.

General Chawalit Yongchayut, head of the New Aspiration Party [NAP], is facing the same dilemma as Banhan. Increasingly affluent Nonthaburi no longer has an ear for the former general, who risks flunking the ballot test. To stave off personal defeat, he has set up a new

stronghold in Nakhon Phanom, where he will continue to propagate the Green E-San project and other similar ready-made grass-roots programs aimed at eradicating poverty. His mid-sized NAP sorely lacks a credible economic or political platform to push Thailand forward.

Dr Amnuai Wiravan, the Nam Thai leader, has projected himself as a modern day administrator, although he bears the look of an economic war veteran of the 1960s. Amnuai had to retreat to the province of Khon Kaen in the northeast to establish a stronghold. In the style of U.S. politics, he has promised to create 800,000 jobs a year for Thais.

A former prime minister, Chatchai Chunhawan of the Chat Phatthana Party, is antique. Despite his attempt at a second coming, his political strength does not permit him the chance. He yearns for a return to the early 1990s, when under his premiership, the Thai economy went into overdrive.

The task of the new government should be to focus on structural reforms, including the overhaul of the civil service, the electoral process and the legal system. "The political debate surrounding constitutional reform is silly. We should be paying more attention to developing some mechanism that will create transparency and accountability in the system," said Scott Christianson, a political and investment analyst at JF Thanakhom Securities Ltd.

There is no easy answer or method to remedy the flaws in the present system. However, unless serious change is initiated, Thailand will remain in a vicious cycle, in which Parliament is just a sideshow to politicians that cut deals to rule the country. Significant programs to develop the country cannot be pushed forward because politicians fight tooth and nail to keep outdated laws intact.

"The country is at a crossroads," said Chalongphop Susangkorakan of the Thailand Development Research Institute. "People have a desire for clean politics and good management."

"The impression is that the Democrats are very clean, but lacking in managerial skills. Chat Thai gives the impression it will be a good manager but not a clean politician. People need to be more concerned," Chalongphop told the Associated Press.

Editorial Praises Moves To Thwart Vote Buying
BK0507123095 Bangkok THAI RAT in Thai 4 Jul 95
p 3

[Editorial: "Take It To the End"]

[FBIS Translated Text] Reports by the media and agencies concerned during the run-up to the election and on the 2 July election day confirm the previously expected large-scale use of money and unscrupulous activities to influence the election.

The election watchdog committee and commercial bank research offices revealed that huge amounts of money were in circulation, particularly in the northeast where with 138 MP seats up for grabs, many political parties were induced to dump a lot of money in the hope that they could effectively buy votes.

The watchdog committee, relevant Interior Ministry offices, and police units received an unprecedented number of complaints about various forms of violation of the election law, including vote buying, use of intimidation tactics, and illegal assistance of candidates by bureaucrats.

To ensure an honest election, it appeared that the government gave special importance to preventing and suppressing vote buying by setting up many units to oversee the matter, such as the election watchdog committee, the committee against vote buying, the committee for suppression of people wielding undesirable influence.

It is gratifying that officials concerned made many arrests of violators of election law. Most of the violations concerned vote buying, which took place in Chiang Rai, Sisaket, Buriram, Lop Buri, Chon Buri, Ubon Ratchathani, and several other provinces. About 11 million baht was confiscated in Buriram alone on grounds that the sum was intended for vote buying.

The numerous complaints about violations of the election law show that people are more alert than before to protecting their rights and the legitimacy of the democratic administrative system. They want a fair and honest election.

It is, therefore, the duty of law enforcement authorities to take legal action against violators of the election law to the fullest extent regardless of composition of the new government. This is what rule of law is all about, and anyone who ignores this principle is corrupting the democratic system.

Vietnam

U.S. Senator Harkin, Delegation Visit 2-6 Jul

Vo Van Kiet With Group

BK0407050395 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 3 Jul 95

[FBIS Translated Text] Yesterday afternoon at the Government Office Prime Minister Vo Van Kiet received U.S. Senator Tom Harkin and his entourage, who paid him a courtesy call in the framework of their visit to our country.

Vo Van Kiet welcomed the working visit to the relevant Vietnamese agencies by Senator Harkin and his entourage. He stressed: The Vietnamese people have stepped up cooperation with the U.S. side in resolving humanitarian issues, including the issue relating to American servicemen missing in action (MIAs) in the Vietnam war. Vietnam has thereby contributed to improving the relations between the two countries and peoples.

On this occasion, Vo Van Kiet conveyed 4th of July national day greetings to the U.S. guests and wished their visit fine success. On behalf of the U.S. delegation, Senator Harkin thanked Vo Van Kiet for devoting time to receiving his delegation. He told the Vietnamese prime minister of the good impressions that the Vietnamese nation and people made on the U.S. delegation during the visit. He expressed his interest in and desire to improve U.S.-Vietnamese relations and pledged his commitment to continue cooperating with the Vietnamese Government in resolving humanitarian issues, including the MIA issue.

His Excellency Senator Harkin hoped that bilateral relations would continue to improve and broaden in the economic and trade areas.

Harkin Hold News Conference

BK0407143795 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 4 Jul 95

[FBIS Translated Text] Dear friends, recently public opinion in the United States demanding the normalization of relations with Vietnam has been increasing. In U.S. official circles, many have voiced their support for full diplomatic relations between Vietnam and the United States. However, normalizing relations is not an easy task because segments of the U.S. public still cling to the so-called MIA issue and use it as a condition to the normalization of relations. While the U.S. Government affirmed Vietnam's increasing efforts to resolve the MIA issue, the U.S. side has consistently assigned

high-level delegations from the Senate and House of Representatives to visit Vietnam and continue work on the issue. Currently, a U.S. delegation comprised of three senators and three congressmen, led by Senator Tom Harkin, is visiting Vietnam from 2-6 July to work with Vietnamese leaders in finding solutions to issues regarding relations between the two countries.

At an international news conference held in Hanoi this afternoon, Senator Tom Harkin said:

[Begin Harkin recording, in English fading into Vietnamese translation] We have received a warm welcome from the Vietnamese state. We held frank talks with the Vietnamese foreign minister and Prime Minister Vo Van Kiet. Regarding the MIA issue, I can say that Vietnam has made great efforts in resolving this issue, and we are encouraged by the Vietnamese Government's pledge to continue this effort in order to accelerate diplomatic relations. We also met with the U.S. business community here in Vietnam and held talks with Vietnamese Government officials on bilateral trade and economic relations. We are pleased to see that the Vietnamese Government is making progress in the market economy and that the private trade sector in Vietnam will be further developed. [end recording]

Regarding the normalization of relations with Vietnam, the visiting U.S. senators and congressmen admitted that Vietnam has taken positive steps to ensure a smooth process of normalizing relations. They recognized Vietnam's cooperation in resolving various outstanding problems. These are issues of great interest to reporters of foreign news agencies in Vietnam.

Answering a foreign reporter's question on the possibility of normalizing relations with Vietnam, Senator Bumpers said:

[Begin Bumpers recording, in English fading into Vietnamese translation] First, I would like to say that the normalization of relations is benefiting not only Vietnam but also the United States. Second, a number of countries argued that Vietnam has no actual reason [lys do thuwcj suwj] to cooperate with the United States on the MIA issue. However, in Vietnam the past has been forgotten, and we have received positive cooperation from the Vietnamese side in resolving this issue. For this reason, we have lifted the economic embargo against Vietnam as approved by our President. In my personal view, I think that there should be official relations under the current conditions. [end recording]

Foreign Coverage of 'Liberation' Day Assessed

BK2806131395 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 7 Jun 95 p 2

[Article by Binh Minh: "Who Seeks Reconciliation and Who Creates Hatred?"]

[FBIS Translated Text] International press circles called the 30 April celebration "Vietnam fever." The celebration was the 20th anniversary of the complete liberation of South Vietnam and the reunification of the country. In Vietnam, it was the focal point of interest for the press.

Twenty years after the complete liberation of South Vietnam, and prior to the 30 April celebrations, major newspapers and large television and radio stations from various countries around the world carried long articles, documentaries, and special programs reporting and commenting on the event. As a result, information about Vietnam made the headlines and highlights in newspapers and radio and television programs during this period. Most stressed that Vietnam is now a peaceful country and is carrying out renovation to move quickly toward a brighter future.

A total of 153 media delegations comprising more than 400 reporters and journalists from various countries came to Vietnam, while 16 major television stations sought permission to bring satellite television transmitting equipment to Ho Chi Minh City to cover the event. The visiting foreign correspondents combined with those based in Vietnam to raise the number of reporters covering the 30 April celebrations to 600. This strong army of reporters enhanced the animated atmosphere and added life to the solemn celebrations in Ho Chi Minh City. The correspondents enthusiastically carried out their work in an active and urgent manner, reporting the anniversary activities, achievements in the renovation undertaking, and changes in Ho Chi Minh City 20 years after liberation. Information regarding Vietnam's wish to forget the past and get rid of its superiority complex and hatred as well as its progress in renovation... [ellipses as published] was fully and convincingly reported by these correspondents.

In addition to reporters from the United States and Japan, who visit frequently, reporters that rarely visit Vietnam — from countries such as Argentina, Turkey, and Iceland — also came for this occasion. Several renowned television commentators such as Peter Arnett from CNN and Bob Simon from CBS also came to Ho Chi Minh City. Indeed, the paper LE MONDE was not unfounded in reporting that the 30 April activities in Vietnam were the most interesting world events of 1995.

Newspapers and radio and television stations from various countries carried special programs to review the major turning points in Vietnam's history. They highly appraised the heroic and invincible spirit and intelligence of the Vietnamese people and the creative leadership of the Communist Party of Vietnam and President Ho Chi Minh. "These were the factors that enabled little David to defeat giant Goliath; or a weak person to defeat an arrogant one. This event created a new revolutionary driving force in many countries in the world. The experience of Vietnam showed they could defeat the giant" (TIEMPO ARGENTINIO, 30 April).

Many foreign newspapers and radio stations reported on Prime Minister Vo Van Kiet's speech and the articles written by our party and state leaders for the 30 April celebrations. In particular, they stressed and admired our state's policies of conciliation, forgetting the past, getting rid of our superiority complex and hatred, and looking to the future. The French paper LIBERATION devoted its first four pages on 29 April to a long report and pictures by Alain Leba and Patrick Sabatier, two of its special correspondents, sent from Ho Chi Minh City. The report said that the Vietnamese are quick to forgive and forget the past while striving to heal the wounds of war. The younger generation does not nurture a superiority complex or hatred; to them the history of the war is mythical.

Another remarkable topic that international press circles focused on is the comprehensive achievement in the renovation undertaking. "Vietnam now is peaceful, not war-torn." "Vietnam's effort to advance toward a market economy in accordance with socialist orientations has been fruitful" (THE CANBERRA TIMES, 30 April). "The Vietnamese economy has developed remarkably and foreign investment in the country increased considerably thanks to the correct renovation policy and political stability" (BERLINER ZEITUNG, 5 May).

All aspects of renovation and of the vitality of each individual and the city named after Ho Chi Minh were reflected by the foreign media with much appreciation and admiration. They admitted that 20 years after liberation, Ho Chi Minh City has become more prosperous and full of vitality than ever before. The living conditions of the people, including those who worked for the old regime, have improved. Discrimination is nowhere to be found. Reporting on the 30 April anniversary celebrations in Ho Chi Minh City, Bob Simon, a noted television commentator for CBS — the largest television network in the United States — made the following comment via satellite: "Vietnam is celebrating its victory over the United States today, but there is no indication of any anti-U.S. feelings. Instead, this small

country — which defeated the world's mightiest nation — wants nothing but friendship now."

Indeed, our people long for nothing but friendship with other countries in the world. Our people long for concord and unity within the international community so that everyone can look to the future. We were forced to take up weapons and struggle for that very burning desire. Addressing a solemn meeting in Hanoi on 29 April, Prime Minister Vo Van Kiet stressed: "This year, the 30 April anniversary celebrations provide us with another opportunity to take a closer look at history; make more drastic efforts to forget the past; vigorously look to the future; uphold our national spirit; broaden our international relations; and contribute to the world movement for peace, cooperation, and development."

Are there still people who resort to words and deeds that run counter to these aforementioned goals? Before giving some concrete examples, our readers should see the views of General Do Mau, who did not belong to the communist camp as everyone knows. Mr. Do Mau was a general under the old regime. As such, he knew all too well what was meant by "nationalist." After 20 years of thought, he asked himself this question: After 30 years of war, suppose the situation on 30 April 1975 had been different, and the South defeated the North. Would 'the Nationalists' have given the communists the same treatment the latter have given the 'Nationalists' since 1975? Would they have stirred up hatred for northerners? He answered this question himself: In 30 straight years of war, the 'Nationalists' — who were known to belong to the same camp — resorted to repression, terrorism, exploitation, and murder in dealing with one another. Chi Hoa Prison, the P-42 Detention Camp in the zoo, and many detention centers were used. Many patriots were tied up and thrown into the Nha Be River... Thousands of detention centers were built throughout the country (the South), where a large number of people were detained for many years without any trial. A large number of others were liquidated, as Chu Bang Linh described in his book 'The Labor Party.' It is certain that (Mr. Do Mau stressed) if the South had defeated the North, the Nationalists would have resorted to retaliation and would have committed countless crimes against the Communists and the Northerners." Needless to say, our readers know very well that the terms "the South" and "the Nationalists" that General Do Mau used do not refer to all our southern compatriots, just the anticommunist elements. This is an excerpt of an article by General Do Mau published in a foreign newspaper: Perhaps such remarks are completely correct for people who have adopted a very hostile attitude and feverishly pursued their goal of exterminating communism because they do

not want the Vietnamese nation and people to close the past and look to the future. They belong to the minority that still tries to swim against the tide.

At a time when our people were happily celebrating the 20th anniversary of total liberation and the beginning of the era in which people could live in peace and independence and all patriotic Vietnamese could find a worthy place for themselves in the community, and at a time when the whole progressive world sent greetings filled with admiration and countless fine expressions, it was regretful that a few news agencies — especially those with Vietnamese sections such as RFI [Radio France International], VOA, and so forth — still earnestly pursued contrary arguments.

For this event, RFI intentionally decided to ignore the facts about the country's renovation and progress that hundreds of journalists and dozens of news agencies witnessed with their own eyes. Instead, it openly inspired dissension among lawbreakers. With obviously premeditated aims, RFI did not bother to go anywhere. They just sat at home to write and conduct interviews by telephone. At home, RFI carried an interview with a person who once worked on our side, in which the person said: The Vietnamese people are heroic and excellent in combat, but they do not have freedom. Would he prefer to live with the kind of freedom of over 20 years ago that General Do Mau referred to? Overseas, RFI interviewed Bui Tin, a person who exploits the glory of our people to polish his personal image but has repeatedly denounced our glorious past. He said: I liberated Saigon as a North Vietnamese colonel, but only brought misfortune to the city. Let the public and our friends outside judge whether Saigon has experienced misfortune since liberation day. Certainly this inconsiderate announcement has only brought misfortune to Bui Tin, a person who once called himself an intellect.

In addition to working with such political cadavers, RFI also serves as a propaganda mouthpiece for subversive activities inside the country and for overseas gangs who treat anticommunist activity as a political objective as well as a profitable device. They are people who even now wave the three-striped flag, a symbol of the country's slavery, servitude, and separation. They still make arguments about anticommunism, overthrowing the regime, and so forth. The overseas Vietnamese community knows they are nothing but gangs of con men. As these hooligans are more than ready to carry out threats and harassment, people must sometimes keep quiet or pretend to agree with them.

These few examples are quite sufficient to understand the real motives of the people who always say "reconciliation and cooperation" but whose deeds only promote

sabotage activities and the resurrection of hatred and disunity.

The celebration of the victory anniversary is an occasion for us all to heighten our understanding of right and wrong and consolidate our confidence in the strength of national unity.

Article Views Problem of Workers Abroad

*BK3006063795 Hanoi NHAN DAN in Vietnamese
12 Jun 95 p 3*

[Article by Tran Dinh Chinh: "Vietnamese Labor Abroad: The Issue Requires Our Special Attention"]

[FBIS Translated Text] After upheavals in the former Soviet Union and East Europe, our traditional labor market was shattered. As a result, it is natural for us to find new markets for our workers while making great effort to improve the procedures in sending them abroad. The government issued Decree No. 370 in late 1991 and Decree No. 07 early this year allowing licensed business establishments to seek, discuss, and sign contracts with their partners to recruit and send Vietnamese workers abroad. The decrees also charged the Department for Management of Vietnamese Labor Abroad (Ministry of Labor, War Invalids, and Social Affairs) with the task of controlling workers in specialized branches. With this new, appropriate, and dynamic system, 37 of more than 100 state-run establishments of various sectors in localities have been granted with licenses to "export" Vietnamese labor. During the past three years (1992-94), nine of these establishments carried out their task very effectively. They include the Vinaconex (Ministry of Building), LOD (Ministry of Communications and Transport), SONA (Ministry of Labor, War Invalids and Social Affairs), and Sovilaco (Ho Chi Minh City) sent 14,000 workers in various fields to the Republic of Korea, Hong Kong, Japan, Libya, and Lebanon. It is noteworthy that after overcoming the initial period of inexperience, our workers satisfactorily adapted themselves to the new labor market. As a result, the number of workers going abroad increased every year. In 1992 it was 811 persons; in 1993, 3,956 persons; and in 1994 it jumped to 9,234. This new prospect will provide more jobs for our workers, especially when the new market begins to prefer Vietnamese labor.

Mr. Tran Van Hang, director of the Department for Management of Vietnamese Workers Abroad said that various establishments that hired Vietnamese labor admitted that our workers have a good background and are able to quickly learn new technology while their skills are good, their work is neat, and their conduct is better than those from some other Asian nations. As a result, Vietnamese workers have been classified in a

higher category. However, due to their poor knowledge of English, misunderstanding is a problem, often leading to differences and conflicts. Nevertheless, opportunities for Vietnamese workers abroad are great, provided that they strive to thoroughly understand the Vietnamese law and that of the host countries.

In Lebanon recently, a number of Vietnamese workers (mostly women) who worked as "maids" with "various families" experienced maltreatment by these families. However, these workers were recruited under a "pilot" program approved by the government with an aim to export more labor if successful, thus they were well trained and were able to sustain hardships and overcome difficulties. Under this "pilot" program, the SONA (attached to the Ministry of Labor, War Invalids and Social Affairs), the Vietnam Women's Union, and Oleco (Ministry of Water Conservancy) sent 71 persons abroad. Generally speaking, most of these workers were admired by Lebanese families, thanks to the careful recruitment and great efforts by the workers to fulfill their duty and overcome difficulty. Nevertheless, there was a complicated case of the Sulexco (attached to the Ho Chi Minh City's Labor, War Invalids, and Social Affairs Office) which recruited a number of Vietnamese workers (some of them medical doctors, teachers, and engineers) to work for a Vietnamese establishment in Beirut. Regrettably, when they arrived in Beirut, the said establishment was not opened yet while Sulexco and the OLI (Lebanon) made a "secret deal" that pending the opening of the establishment, these workers would "temporarily" work with various Lebanese families. As a result, some of our "intellectuals" were confused when they were asked to cook, wash dishes, do the laundry, and other miscellaneous things. This caused a problem for our workers, and the responsibility should be borne by both the Vietnamese and Lebanese sides. To resolve the issue, our state made a decision saying that these workers (numbering 20 at the beginning, and 15 at present) be returned home because they were not given the right jobs as agreed upon in the beginning. However, up to 8 June, the Lebanese side had not taken any proper action to repatriate these workers.

This does not mean that things go smoothly at SONA and Soleco because they have the government's approval. Some incidents did occur due to the ill-treatment of workers. Recently, Tran Dinh Dung (of Soleco) was arrested by police due to conflict with his employer.

Altogether, 125,000 women workers of different nationalities are now employed as "housemaids" in Lebanon, but problems have occurred. There are just 124 Vietnamese women workers there, but many regrettable incidents have happened. Why? Tran Van Hang, director of the Department for the Management of Viet-

namese Workers Abroad, explained: Ministries and people's committees of localities with business establishments engaging in the "export" of labor have not paid due attention to this issue. Labor selection is poor. Some people "borrow" the labor export tool to serve other purposes. In a number of regional countries, companies apply considerably good labor selection criteria to meet special employment requirements. Workers can choose the kinds of employment they like, reach agreements with their bosses on employment terms, and have good command of foreign languages. As a result, there have hardly been any regrettable incidents involving employee-employer relations. As far as our country is concerned, immediate measures must be taken to restore order on the labor selection front to guarantee the right person in the right place. It is necessary for employment agencies to do labor selection work by themselves instead of through brokers. Furthermore, there must be labor management cadres in each country to resolve minor problems at an early date, thereby avoiding major conflicts that may affect bilateral labor cooperation relations and enhancing the image of Vietnamese workers. It is necessary to familiarize Vietnamese workers with the work style, customs, practices, work behavior, and laws and regulations of the host countries. This is particularly important now that the market economy has provided a well defined employee-employer relationship.

Another issue of concern is the fact that a number of private Vietnamese employment agencies and bad elements have taken advantage of workers' interest in employment overseas to swindle them out of their money, apply poor labor selection criteria, accumulate illegal profits, and cause disturbances to social order. It is necessary to take a number of typical cases before the court.

It is basically correct to send Vietnamese workers to foreign countries because there is a large number of people at home, especially youth, who are still unemployed. It is necessary to reach out to every available market and send our technicians and young workers to integrate into the international labor market. This move not only helps reduce the pressure of unemployment at home but also contributes to enriching our families and society.

Vo Van Kiet Signs Decree on Corporate Rules

BK0507094995 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 30 Jun 95

[FBIS Translated Text] Prime Minister Vo Van Kiet recently signed Decree No.39-CP promulgating the pilot regulation on the organization and activities of state-run general corporations. The regulation is composed of 49 articles in 11 chapters, stipulating the authority

and obligations of a general corporation, its executive board and control committee, its director and working machinery, workers and member units of the corporation, management of the corporation's capital and that of other enterprises, financial status and relations between corporations and state agencies and the local administration; and reorganization, dissolution, and bankruptcy of a general corporation.

The decree stipulates that various general corporations set up by the Prime Minister must implement this pilot regulation to reorganize their activities and organization.

This decree is effective as from the date of promulgation. It replaces decree No. 27-HDBT dated 22 March 1989 of the Council of Ministers now the government. All previous stipulations against this decree are rescinded.

Cuu Long Corps Reports on Party Activities

BK0107103695 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 29 Jun 95

[FBIS Translated Text] QUAN DOI NHAN DAN recently reported that in the past six months the number of party members with discipline violations at the Cuu Long Army Corps had been reduced by 60 percent compared to the corresponding period last year. This thanks to the great efforts to improve party activities and management of party membership. There were no serious violations of Army discipline while 99.1 percent of party members at the corps fulfilled their tasks. Various basic party organizations developed satisfactorily. Compared to last year, the desertion rate was reduced by five fold.

During the same period, the corps party organization admitted 131 people as members and recommended 255 outstanding party members to the higher party institute for further studies. All the new party members have satisfactorily developed the Army's pioneer role.

Thanks to the efforts in the party building task, all battalions of the corps have set up party chapters while

party organizations of the B7, 22, B07, and 71 groups have exceeded the plan norm on party development.

Oil Corporation Exceeds Production Target

BK3006163795 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 30 Jun 95

[FBIS Translated Text] In the first six months of this year, the Vietnam Oil and Gas General Corporation exploited a total of 3.980 million tonnes of crude oil, exceeding the planned target by 100,000 tonnes. It also supplied 42 million cubic meters from the Bach Ho [White Tiger] oil field to the Ba Ria Power Plant. This is the highest output for the first half since the Vietnam Oil and Gas General Corporation was established.

Between now and the end of year, the Vietnam oil and gas joint venture enterprise plans to build a water supply station with a pumping capacity of 10,000 cubic meters per day. The station will help speed the exploitation of oil to help fulfill the target of producing 7.7 million tonnes of crude oil in 1995.

Archbishop Nguyen Van Binh Dies

BK0507025195 Hanoi Voice of Vietnam in English 1000 GMT 3 Jul 95

[FBIS Transcribed Text] Archbishop Nguyen Van Binh passed away in Ho Chi Minh City on 1 July 1995 at the age of 85.

Archbishop Binh was born on 1 September 1910 in Saigon, now Ho Chi Minh City. He was president of the Vietnam Episcopal Council from 1960 to 1980 and archbishop of the Ho Chi Minh City Diocese from 1960 to 1995.

His body lies in state at the Ho Chi Minh City's Vicariate and his funeral will be held at the chancel at 8 AM on 5 July.

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